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code of federal regulations

Money and Finance: Treasury

COMPLETED

31

PART 200 TO END
Revised as of July 1, 1986

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Money and Finance: Treasury

31

PART 200 to END

Revised as of July 1, 1986

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Explanation

The Code of Federal Regulations is a codification of the general and permanent rules published in the Federal Register by the Executive departments and agencies of the Federal Government. The Code is divided into 50 titles which represent broad areas subject to Federal regulation. Each title is divided into chapters which usually bear the name of the issuing agency. Each chapter is further subdivided into parts covering specific regulatory areas.

ISSUE DATES

Each volume of the Code is revised at least once each calendar year and issued on a quarterly basis approximately as follows:

Title 1 through Title 16	as of January 1
Title 17 through Title 27	as of April 1
Title 28 through Title 41	as of July 1
Title 42 through Title 50	as of October 1

The appropriate revision date is printed on the cover of each volume.

LEGAL STATUS

The contents of the Federal Register are required to be judicially noticed (44 U.S.C. 1507). The Code of Federal Regulations is prima facie evidence of the text of the original documents (44 U.S.C. 1510).

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The Paperwork Reduction Act of 1980 (Pub. L. 96-511) requires Federal agencies to display an OMB control number with their information collection request. Many agencies have begun publishing numerous OMB control numbers as amendments to existing regulations in the CFR. These OMB numbers are placed as close as possible to the applicable recordkeeping or reporting requirements.

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JOHN E. BYRNE,
Director,
Office of the Federal Register.

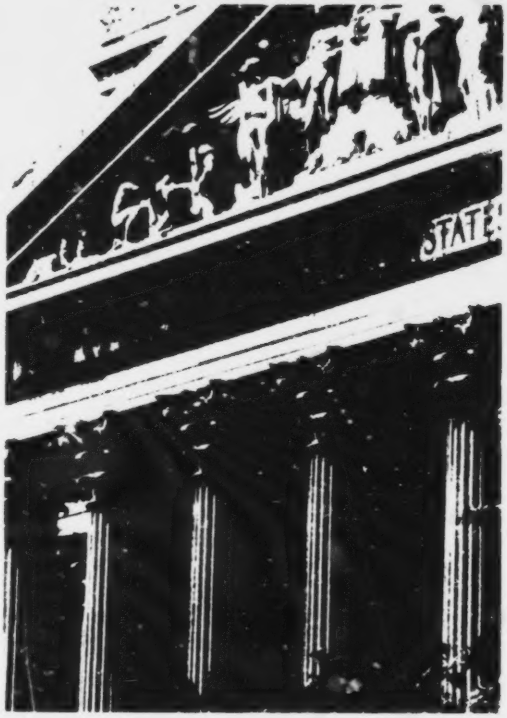
July 1, 1986.

AVAILABLE

THIS TITLE

Title 31—Money and Finance: Treasury is composed of two volumes. The parts in these volumes are arranged in the following order: Parts 0 to 199, and Part 200 to end. The contents of these volumes represent all of the current regulations codified under this title of the CFR as of July 1, 1986.

For this volume, Gertrude E. Belton was Chief Editor. The Code of Federal Regulations is published under the editorial direction of Martha B. Girard, assisted by Robert E. Jordan.



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Title 31—Money and Finance: Treasury

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EDITORIAL NOTE: Other regulations issued by Department of the Treasury appear in Title 12, Chapter I; Title 19, Chapter I; Title 26, Chapter I; Title 27, Chapter I; Title 48, Chapter 10.

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EDITORIAL NOTE: Nomenclature changes affecting Chapter II appear at 39 FR 20364, June 17, 1974.

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SUBCHAPTER A—FINANCIAL MANAGEMENT SERVICE

PART 202—DEPOSITARIES AND FINANCIAL AGENTS OF THE GOVERNMENT [1]

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202.3 Authorization.
202.4 Contract of deposit.
202.5 Previously designated depositaries.
202.6 Collateral security.
202.7 Maintenance of balances within authorizations.

AUTHORITY: Sec. 10, Pub. L. 77-603, 56 Stat. 356 (12 U.S.C. 265); sec. 2, Pub. L. 95-147, 91 Stat. 1227 (12 U.S.C. 266, 12 U.S.C. 1464(k), 12 U.S.C 1725(d) and 12 U.S.C. 1709(a)); and sec. 4(a), Pub. L. 95-369, 92 Stat. 607 (12 U.S.C. 3101 and 3102).

§ 202.1 Scope of regulations.

The regulations in this part govern the designation of Depositaries and Financial Agents of the Government (hereinafter referred to as depositaries), and their authorization to accept deposits of public money and to perform other services as provided for in section 10, Pub. L. 77-603, 56 Stat. 356 (12 U.S.C. 265); section 2, Pub. L. 95-147, 91 Stat. 1227 (12 U.S.C. 266, 12 U.S.C. 1464(k), 12 U.S.C. 1725(d) and 12 U.S.C. 1709(a)); and section 4(a), Pub. L. 95-369, 92 Stat. 607 (12 U.S.C. 3101 and 3102). Public money includes, without being limited to, revenue and funds of the United States, and any funds the deposit of which is subject to the control or regulation of the United States or any of its officers, agents, or employees. The designation and authorization of Treasury Tax and Loan Depositaries for the receipt of deposits representing payments for certain United States obligations and of internal revenue taxes are governed by the regulations in Part 203 of this chapter.

[46 FR 28152, May 26, 1981]

§ 202.2 Designations.

(a) Financial institutions of the following classes are designated as Depositaries and Financial Agents of the Government if they meet the eligibility requirements stated in paragraph (b) of this section:

(1) Every bank insured by the Federal Deposit Insurance Corporation.

(2) Every institution insured by the Federal Savings and Loan Insurance Corporation.

(3) Every credit union insured by the Administrator of the National Credit Union Administration.

(4) Banks, savings banks, savings and loan, building and loan, and homestead associations, credit unions created under the laws of any State, the deposits or accounts of which are insured by a State or agency thereof or by a corporation chartered by a State for the sole purpose of insuring deposits or accounts of such financial institutions, every United States branch of a foreign banking corporation authorized by the State in which it is located to transact commercial banking business, and every Federal branch of a foreign banking corporation, the establishment of which has been approved by the Comptroller of the Currency.

(b) In order to be eligible for designation, a financial institution is required to possess, under its charter and the regulations issued by its chartering authority, either general or specific authority to perform the services outlined in § 202.3(b). A financial institution is required also to possess the authority to pledge collateral to secure public funds.

(Sec. 10, 56 Stat. 356, as amended, 12 U.S.C. 265; sec. 2, Pub. L. 95-147 (12 U.S.C. 266, 1464(k), 1725, 1789a, and 31 U.S.C. 1038); sec. 503 of the Rehabilitation Act of 1973 (29 U.S.C. 793); and sec. 503 of the Veterans Employment and Readjustment Act of 1972, Executive Order 11701 (38 U.S.C. 2012))

[44 FR 53066, Sept. 11, 1979, as amended at 46 FR 28152, May 26, 1981]

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[1] The regulations, which previously appeared in this part, governing payment of checks drawn on the United States Treasury now appear in revised form in Part 240 of this chapter (Department Circular 21 (Second Revision)).

§ 202.3 Authorization.

(a) *To accept deposits covered by the appropriate Federal or State insurer.* Every depositary is authorized to accept a deposit of public money in an official account, other than an account in the name of the United States Treasury, in which the maximum balance does not exceed the "Recognized Insurance Coverage". "Recognized Insurance Coverage" means the insurance provided by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the National Credit Union Share Insurance Fund, and by insurance organizations specifically qualified by the Secretary of the Treasury pursuant to 31 CFR Part 226.

(b) *To perform other services.* (1) Upon the request of a Government agency, the Secretary of the Treasury may authorize a depositary to perform other services specifically requested by the agency, including:

(i) The maintenance of official accounts in which balances will be in excess of the applicable Federal or State insurance coverage;

(ii) The maintenance of accounts in the name of the United States Treasury;

(iii) The acceptance of deposits for credit of the United States Treasury;

(iv) The furnishing of bank drafts in exchange for collections.

(2) To obtain authorization to perform services specifically requested by a Government agency, a depositary must:

(i) File with the Secretary of the Treasury an appropriate agreement and resolution of its board of directors authorizing the agreement (both on forms prescribed by and available from the Financial Management Service), and

(ii) Pledge collateral security as provided for in § 202.6.

(Sec. 10, 56 Stat. 356, as amended, 12 U.S.C. 265; sec. 2, Pub. L. 95-147 (12 U.S.C. 266, 1464(k), 1725, 1789a, and 31 U.S.C. 1038); sec. 503 of the Rehabilitation Act of 1973 (29 U.S.C. 793); and sec. 503 of the Veterans Employment and Readjustment Act of 1972, Executive Order 11701 (38 U.S.C. 2012))

[Dept. Circ. 176, 2d Rev., 32 FR 14215, Oct. 13, 1967, as amended at 44 FR 53066, Sept. 11, 1979; 49 FR 47001, Nov. 30, 1984]

§ 202.4 Contract of deposit.

A depositary which accepts a deposit under this part enters into a contract of deposit with the Treasury Department. The terms of this contract include:

(a) All of the provisions of this part.

(b) Any instructions issued pursuant to this part by the Treasury or by Federal Reserve Banks as Fiscal Agents of the United States or by any other Government agency.

(c) The provisions prescribed in section 202 of Executive Order 11246, entitled "Equal Employment Opportunity" (30 FR 12319) as amended by Executive Order 11375, entitled "Equal Employment Opportunity Clause".

(d) The requirements of section 503 of the Rehabilitation Act of 1973, 29 U.S.C. 793, and the regulations issued thereunder at 41 CFR Part 60-741, which are incorporated herein by reference, requiring Government contractors to take affirmative action to employ qualified handicapped individuals, except that depositaries which under this part receive gross annual earnings of less than $2,500 are exempt from compliance with these regulations.

(e) The requirements of section 503 of the Veterans Employment and Readjustment Act of 1972, 38 U.S.C 2012, Executive Order 11701, and the regulations issued thereunder at 41 CFR Subpart 1-12.11, which are incorporated herein by reference, for the promotion of employment of disabled and Vietnam-era veterans, except that depositaries which under this part receive gross annual earnings of less than $10,000 are exempt from compliance with these regulations.

(Sec. 10, 56 Stat. 356, as amended, 12 U.S.C. 265; sec. 2, Pub. L. 95-147 (12 U.S.C. 266, 1464(k), 1725, 1789a, and 31 U.S.C. 1038); sec. 503 of the Rehabilitation Act of 1973 (29 U.S.C. 793); and sec. 503 of the Veterans Employment and Readjustment Act of 1972, Executive Order 11701 (38 U.S.C. 2012))

[44 FR 53067, Sept. 11, 1979]

§ 202.5 Previously designated depositaries.

A depositary previously designated will, by the acceptance or retention of deposits, be presumed to have assented to all the terms and provisions of this part and to the retention of collateral security theretofore pledged.

[Department Circular 176, Second Revision, 32 FR 14215, Oct. 13, 1967]

§ 202.6 Collateral security.

(a) *Requirement.* Prior to receiving deposits of public money, a depositary authorized to perform services under § 202.3(b) must pledge collateral security in the amount required by the Secretary of the Treasury.

(b) *Acceptable security.* Unless otherwise specified by the Secretary of the Treasury, collateral security pledged under this section may be transferable securities of any of the following classes:

(1) Obligations issued or fully insured or guaranteed by the United States or any U.S. Government agency, and obligations of Government-sponsored corporations which under specific statute may be accepted as security for public funds: At face value.

(2) Obligations issued or fully guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank or the Asian Development Bank: At face value.

(c) Deposits of Securities. Unless the Secretary of the Treasury provides otherwise, collateral security under this part must be deposited with the Federal Reserve Bank or Branch of the district in which the depositary is located (depositaries located in Puerto Rico and the Virgin Islands will be considered as being located in the New York Federal Reserve district), or with a custodian or custodians within the United States designated by the Federal Reserve Bank, under terms and conditions prescribed by the Federal Reserve Bank. Securities deposited with a Federal Reserve Bank must be accompanied by a letter stating specifically the purpose for which the securities are being deposited.

(d) *Assignment.* A depository that pledges securities which are not negotiable without its endorsement or assignment may, in lieu of placing its unqualified endorsement on each security, furnish an appropriate resolution and irrevocable power of attorney authorizing the Federal Reserve Bank to assign the securities. The resolution and power of attorney shall conform to such terms and conditions as the Federal Reserve Banks shall prescribe.

(e) *Disposition of principal and interest payments of the pledged securities after a depositary is declared insolvent*—(1) *General.* In the event of the depositary's insolvency or closure, or in the event of the appointment of a receiver, conservator, liquidator, or other similar officer to terminate its business, the depositary agrees that all principal and interest payments on any security pledged to protect public monies due as of the date of the insolvency or closure, or thereafter becoming due, shall be held separate and apart from any other assets and shall constitute a part of the pledged security available to satisfy any claim of the United States.

(2) *Payment procedures.* (i) Subject to the waiver in paragraph (e)(2)(iii) of this section, each depositary (including, with respect to such depositary, an assignee for the benefit of creditors, a trustee in bankruptcy, or a receiver in equity) shall immediately remit each payment of principal and/or interest received by it with respect to collateral pledged pursuant to this section to the Federal Reserve Bank of the district, as fiscal agent of the United States, and in any event shall so remit no later than ten days after receipt of such a payment.

(ii) Subject to the waiver in paragraph (e)(2)(iii) of this section, each obligor on a security pledged by a depositary pursuant to this section shall make each payment of principal and/or interest with respect to such security directly to the Federal Reserve Bank of the district, as fiscal agent of the United States.

(iii) The requirements of paragraphs (e)(2) (i) and (ii) of this section are hereby waived for only so long as a pledging depositary remains solvent. The foregoing waiver is terminated without further action immediately upon the involvency of a pledging depository or, if earlier, upon notice by the Treasury of such termination. For purposes of this paragraph, a depositary is insolvent when, voluntarily or by action of competent authority, it is closed because of present or prospective inability to meet the demands of its depositors or shareholders.

(Sec. 10, 56 Stat. 356, as amended, 12 U.S.C. 265; sec. 2, Pub. L. 95-147 (12 U.S.C. 266, 1464(k), 1725, 1789a, and 31 U.S.C. 1038); sec. 503 of the Rehabilitation Act of 1973 (29 U.S.C. 793); and sec. 503 of the Veterans Employment and Readjustment Act of 1972, Executive Order 11701 (38 U.S.C. 2012))

[Dept. Circ. 176, 2d Rev., 32 FR 14216, Oct. 13, 1967, as amended at 36 FR 6748, Apr. 8, 1971; 36 FR 17995, Sept. 8, 1971; 39 FR 30832, Aug. 26, 1974; 44 FR 53067, Sept. 11, 1979; 46 FR 28152, May 26, 1981]

§ 202.7 Maintenance of balances within authorizations.

(a) Government agencies must contact this Department before making deposits with a financial institution insured by a State or agency thereof or by a corporation chartered by a State for the sole purpose of insuring deposits or accounts. The contact should be directed to the Federal Finance, Financial Management Service, Department of the Treasury, Washington, DC 20226.

(b) Government agencies having control or jurisdiction over public money on deposit in accounts with depositaries are responsible for the maintenance of balances in such accounts within the limits of the authorizations specified by the Secretary of the Treasury.

(Sec. 10, 56 Stat. 356, as amended, 12 U.S.C. 265; sec. 2, Pub. L. 95-147 (12 U.S.C. 266, 1464(k), 1725, 1789a, and 31 U.S.C. 1038); sec. 503 of the Rehabilitation Act of 1973 (29 U.S.C. 793); and sec. 503 of the Veterans Employment and Readjustment Act of 1972, Executive Order 11701 (38 U.S.C. 2012))

[44 FR 53067, Sept. 11, 1979, as amended at 49 FR 47001, Nov. 30, 1984]

PART 203—TREASURY TAX AND LOAN DEPOSITARIES

Subpart A—General Information

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203.1 Scope of regulations.
203.2 Definitions.
203.3 Designation of financial institutions as Treasury tax loan depositaries.
203.4 Sources of deposit.
203.5 Directives regarding credits (deposits) to Treasury tax and loan accounts.
203.6 Parties to the contract.
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203.9 Note Option.
203.10 Remittance Option.
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203.15 Collateral security requirements.

Subpart E—Miscellaneous Provisions

203.16 Termination of contract.
203.17 Implementing instructions.
203.18 Effective date.

AUTHORITY: Sec. 8, Act of Sept. 24, 1917, Chapter 56, 40 Stat. 291, as amended (31 U.S.C. 771); sec. 6302(c), Internal Revenue Code of 1954; and secs. 1, 2, and 3, Pub. L. 95-147, 91 Stat. 1227 (31 U.S.C. 1038).

SOURCE: 43 FR 18967, May 2, 1978, unless otherwise noted.

Subpart A—General Information

§ 203.1 Scope of regulations.

The regulations in this part govern the designation of Treasury tax and loan depositaries and their contract with the Treasury Department to maintain and administer separate accounts to be known as Treasury tax and loan accounts in which funds representing payments for certain United States obligations and payments of Federal taxes are credited.

§ 203.2 Definitions.

As used in this part:

(a) "Advices of credit" means those Treasury forms, which are supplied to tax and loan depositaries to be used in supporting credits to Treasury tax and loan accounts.

(b) "Business day" means any day on which the Federal Reserve Bank of the district is open to the public.

(c) "Election of Option form" means a document, preprinted and supplied by the Federal Reserve Bank of each district, on which a tax and loan depositary indicates the option under which it will administer its Treasury tax and loan account after the effective date of this part.

(d) "Federal funds rate" means the weekly Federal funds rate as published in the Federal Reserve Bulletin in Table A-27 entitled "Interest Rates, Money and Capital Markets".

(e) "Federal Reserve Bank of the district" means the Federal Reserve Bank which services the geographical area in which the tax and loan depositary is located. Tax and loan depositaries located in Puerto Rico, the Virgin Islands, and the Panama Canal Zone are included in the Second Federal Reserve District.

(f) "Federal tax deposit form" means a preinscribed form supplied to a taxpayer by the Treasury Department to accompany deposits of Federal taxes.

(g) "Federal taxes" means those Federal taxes specified by the Secretary of the Treasury or the Secretary's delegate as eligible for payment through the procedure prescribed in this part and Part 214.

(h) "Note Option" means that choice available to a tax and loan depositary under which funds debited to its Treasury tax and loan account are added by the Treasury to its investments in obligations of the depositary. The amount of such investments will be evidenced by an open-ended interest-bearing note maintained at the Federal Reserve Bank of the district.

(i) "Off Premises Collateral Arrangement" means a collateral custody arrangement established pursuant to § 203.15(c)(2) of this part wherein a depositary is permitted to hold in its possession for the Federal Reserve Bank instruments enumerated at § 203.15(d)(4) through and including (d)(8) of this part as collateral security for funds invested with the depositary as special direct investments.

(j) "Recognized Insurance Coverage" means the insurance provided by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the National Credit Union Share Insurance Fund, and the insurance provided by insurance organizations specifically qualified by the Secretary of the Treasury pursuant to 31 CFR Part 226.

(k) "Remittance Option" means that choice available to a tax and loan depositary under which funds equivalent to the amount of deposits credited by the depositary to its Treasury tax and loan account will be withdrawn by the Federal Reserve Bank immediately upon receipt by the Federal Reserve Bank of the advices of credit supporting such deposits.

(l) "Reporting cycle" means the time period established for reporting and computation purposes. A reporting cycle begins on the first Thursday of each month and ends on the Wednesday preceding the first Thursday of the following month.

(m) "Reserve account" means that account every member of the Federal Reserve System maintains at the Federal Reserve Bank of its district for reserve purposes pursuant to 12 CFR Part 204.

(n) "Special depositary" means a depositary that had been designated under the provisions of 31 CFR Part 203 prior to the effective date of this revision. A depositary thereafter designated under this part shall be known as a Treasury tax and loan depositary.

(o) "Special direct investment" means the type of addition to a Treasury tax and loan depositary's note account referred to in § 203.9(a) of this part, where the addition is specifically identified as a "special direct investment" and is secured by instruments retained in the possession of the depositary pursuant to the terms of § 203.15(c)(2) of this part.

[47 FR 37083, Aug. 25, 1982]

§ 203.3 Designation of financial institutions as Treasury tax loan depositaries.

(a) *Previously authorized depositaries.* Every special depositary which, at the close of business on November 1, 1978, was authorized to maintain a Treasury tax and loan account is hereby redesignated as a Treasury tax and loan depositary. The agreements under which they were heretofore authorized as Special Depositaries of Public Money are continued in effect without further action, but subject to the provisions of the current Part 203.

(b) *New designations*—(1) *Requirements*—(i) *Eligible institutions.* The following classes of financial institutions are eligible to be designated as Treasury tax and loan depositaries:

(A) Every incorporated bank and trust company in the United States, Puerto Rico, the Virgin Islands, every United States branch of a foreign banking corporation authorized by the State in which it is located to transact commercial banking business, and every Federal branch of a foreign banking corporation, the establishment of which has been approved by the Comptroller of the Currency.

(B) Every institution insured by the Federal Savings and Loan Insurance Corporation.

(C) Every credit union insured by the Administrator of the National Credit Union Administration.

(D) Savings and loan, building and loan, homestead associations, and credit unions, created under the laws of any State, the deposits or accounts of which are insured by a State or agency thereof, or by a corporation chartered by a State for the sole purpose of insuring deposits or accounts of such financial institutions.

(ii) *Other requirements.* In order to meet Treasury requirements for designation, each financial institution is required to possess under its charter and regulations issued by its chartering authority either general or specific authority permitting the maintenance of the tax and loan account as an account, the balance in which is payable on demand without previous notice of intended withdrawal. Each financial institution is required to also possess the authority to pledge collateral to secure Treasury tax and loan funds.

(2) *Application procedures.* Any eligible financial institution seeking designation as a Treasury tax and loan depositary and, thereby, the authority to maintain a Treasury tax and loan account shall file with the Federal Reserve Bank of the district an "Offer to Contract and Application" accompanied by a resolution of its board directors authorizing the "Offer to Contract and Application" (both on forms prescribed and available on request from the Federal Reserve Bank).

(3) *Designation.* Each financial institution satisfying the eligibility requirements and the application procedures will receive from the Federal Reserve Bank of the district notification of its specific designation as a Treasury tax and loan depositary. A financial institution is not authorized to maintain a Treasury tax and loan account until it has been designated as a Treasury tax and loan depositary by the Federal Reserve Bank of the district.

[43 FR 18967, May 2, 1978, as amended at 43 FR 47506, Oct. 16, 1978; 46 FR 28153, May 26, 1981]

§ 203.4 Sources of deposit.

A tax and loan depositary shall credit to its Treasury tax and loan account payments of such Federal taxes as the Secretary of the Treasury may from time to time by regulation authorize to be paid through Treasury tax and loan accounts. (See also § 203.9(c).)

[44 FR 20424, Apr. 5, 1979]

§ 203.5 Directives regarding credits (deposits) to Treasury tax and loan accounts.

(a) Payments for United States Savings Bonds shall be credited in accordance with instructions prescribed by the Federal Reserve Bank of the district.

(b) Federal tax payments shall be credited in accordance with Part 214 of this chapter and any instructions issued pursuant to that part.

§ 203.6 Parties to the contract.

A financial institution which is designated as a Treasury tax and loan depositary enters into a depositary contract with the Department of the Treasury. The parties to this contract are the Treasury, acting through the Federal Reserve Banks as Fiscal

Agents of the United States, and each financial institution designated under § 203.3. The terms of the contract include all of the provisions of this part.

§ 203.7 Obligations of the depositary.

A Treasury tax and loan depositary shall:

(a) Administer a Treasury tax and loan account in accordance with this part and any amendments or supplements thereto, and instructions issued pursuant thereto, including the Procedural Instructions for Treasury Tax and Loan Depositaries;

(b) Comply with the requirements of section 202 of Executive Order 11246, entitled "Equal Employment Opportunity" (30 FR 12319) as amended by Executive Order 11375, entitled "Equal Employment Opportunity Clause," which is incorporated herein by reference, and the regulations issued thereunder at 41 CFR Chapter 60, as amended. The Secretary of the Treasury may terminate the contract with a tax and loan depositary for failure to comply with the terms of the contract set forth in this subsection, relating to equal employment opportunity, after following the procedures specified by the U.S. Department of Labor at 41 CFR Part 60-30, as amended.

(c) Comply with the requirements of section 503 of the Rehabilitation Act of 1973, 29 U.S.C. 793, and the regulations issued thereunder at 20 CFR Part 741,[1] which are incorporated herein by reference, requiring Government contractors to take affirmative action to employ qualified handicapped individuals, and

(d) Comply with requirements of section 503 of the Veterans Employment and Readjustment Act of 1972, 38 U.S.C. 2012, Executive Order 11701, and the regulations issued thereunder at 41 CFR Subpart 1-12.11, which are incorporated herein by reference, for the promotion of employment of disabled and Vietnam era veterans.

Subpart B—Options

§ 203.8 General requirement.

A Treasury tax and loan depositary shall administer its Treasury tax and loan account under either the Note Option or the Remittance Option.

§ 203.9 Note Option.

(a) *Additions.* The Treasury will invest funds in obligations of depositaries selecting the Note Option. Such obligations shall be in the form of open-ended notes and additions and reductions will be reflected on the books of the Federal Reserve Bank of the district. A depositary electing the Note Option shall, as of the first business day after crediting deposits to its tax and loan account, debit its tax and loan account in the amount of such deposits and simultaneously credit the note thereby reflecting an increase in like amount in Treasury's investment in obligations of the depositary.

(b) *Delivery.* A depositary administering its tax and loan account under the Note Option shall forward at the close of business each day its advices of credit for that day to the Federal Reserve Bank of the district via the most expeditious means reasonably available including the U.S. Postal Service in instances where more positive delivery systems, in terms of date of delivery, are not being utilized by the depositary for other documents (e.g., checks) being remitted to the Federal Reserve Bank or Branch city.

(c) *Other Additions.* (1) A tax and loan depositary may be given the option of adding directly to its note the amounts of payments made by, or through, it for allotments on tenders and subscriptions for United States securities issued under the Second Liberty Bond Act, 40 Stat. 268, as amended when such method of payment is provided for under the terms of the Treasury's offering circulars. The amounts of payments shall be added to the amount of the note on the dates of settlement.

(2) In addition, other funds from the Treasury's operating cash may be offered from time to time to certain Note Option depositaries. Each such Note Option depositary shall have the

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[1] 20 CFR Part 741 was redesignated as 41 CFR Part 60-741 at 41 FR 16147, Apr. 16, 1976.

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opportunity to decide whether it wishes to receive from the Treasury such additional investments in its notes.

(3) Also, a tax and loan depositary may credit to its note funds representing:

(i) Payment for United States Savings Bonds issued by the tax and loan depositary, in its issuing agent capacity, and,

(ii) Payments for United States Savings Bonds subscribed for through the tax and loan depositary on behalf of its customers, but which may be issued only by Federal Reserve Banks and the United States Treasury Department.

(d) *Withdrawals.* The amount of the note shall be payable on demand without previous notice. Calls for payments on the note will be by direction of the Secretary of the Treasury through the Federal Reserve Banks. A depositary shall arrange for the payment of calls on the payment dates specified in the calls by a charge to the reserve account of a depositary or the reserve account of a member bank correspondent.

(e) *Interest.* A note shall bear interest at the rate specified in § 203.13. Such interest is payable monthly by a charge to the reserve account of the depositary or through the reserve account of a member bank correspondent. Specific details about the computation of the amount of interest due, the means of payment, payment dates, Federal Reserve Bank responsibilities, and other related details are described in the Procedural Instructions for Treasury Tax and Loan Depositaries.

(f) *Maximum Balance.* As of the date specified by each Federal Reserve Bank, each depositary selecting the Note Option may establish a maximum balance for its note account by providing notice to that effect in writing to the Federal Reserve Bank of the district. That portion of any advice of credit when posted at the Federal Reserve Bank which would cause the note balance to exceed the amount specified by the depositary will be automatically withdrawn by the Federal Reserve Bank. The maximum balance applies to that portion of the note account balance which is secured by collateral deposited in accordance with § 203.15(c)(1) with either Federal Reserve Banks or authorized third party custodians. Special direct investments, which are secured by collateral held by the depositary in accordance with § 203.15(c)(2) under off premises custody arrangements, shall not be considered in determining the amounts to be withdrawn automatically when a depositary's maximum balance is exceeded.

[43 FR 18967, May 2, 1978, as amended at 44 FR 20424, Apr. 5, 1979; 47 FR 37083, Aug. 25, 1982]

§ 203.10 Remittance Option.

(a) *Withdrawals.* For a depositary selecting the Remittance Option, funds equivalent to the amount of deposits credited by a depositary to its Treasury tax and loan account will be withdrawn by the Federal Reserve Bank upon receipt by the Federal Reserve Bank of the advices of credit supporting such deposits. A depositary shall arrange for the payment of withdrawals by an immediate charge to its reserve account or the reserve account of a member bank correspondent.

(b) *Remittance Option Classes.* Depositaries electing this option will be subdivided into Remittance Option Class 1 or 2 depending upon the volume of deposits credited to their tax and loan accounts during the previous calendar year, as specified in the Procedural Instructions for Treasury Tax and Loan Depositaries. Each depositary shall be subject to the provisions applicable to the class into which it is placed.

(1) *Remittance Option—Class 1 requirements*—(i) *Delivery.* A Remittance Option—Class 1 depositary shall establish and maintain procedures to ensure timely delivery of its advices of credit at the Federal Reserve Bank of the district prior to the Federal Reserve Bank's cutoff time for processing such credits the next business day after the date of credit. If a depositary, whose volume of credits is higher than the amount specified in the Procedural Instructions for Treasury Tax and Loan Depositaries, does not arrange to forward its advices of credit so that they regularly arrive at the

Federal Reserve Bank prior to the designated cutoff hour, it should elect the Note Option.

(ii) *Late fee.* If an advice of credit does not arrive at the Federal Reserve Bank before the designated cutoff hour for receipt of such advices, a late fee in the form of interest at the rate specified at § 203.13 will be assessed for each day's delay in receipt of such advice. Such late fee assessments will be effected on a monthly basis through a depositary's reserve account or the reserve account of a member bank correspondent. Specific details and procedures are included in the Procedural Instructions for Treasury Tax and Loan Depositaries.

(2) *Remittance Option—Class 2 requirements*—(i) *Delivery.* A depositary administering its tax and loan account under the Remittance Option—Class 2 shall forward its advices of credit to the Federal Reserve Bank of the district via an available expeditious means, which includes the U.S. Postal Service.

(ii) *Analysis credit.* All tax and loan balances which are in excess of a current day's credits will be subject to an analysis credit, as explained in § 203.14 and the Procedural Instructions for Treasury Tax and Loan Depositaries.

(iii) *Excessive flow.* A depositary may continue as a Class 2 depositary if the rate of flow of deposits it accepts does not exceed the limitation prescribed therefor in the Procedural Instructions for Treasury Tax and Loan Depositaries. If a depositary's flow exceeds that limitation, it shall administer its tax and loan account as a Remittance Option—Class 1, or a Note Option depositary. Specific details and procedures concerning the excessive flow of deposits are described in the Procedural Instructions for Treasury Tax and Loan Depositaries.

§ 203.11 Election of option by previously authorized depositaries.

(a) *General.* A depositary which, as of the close of business on November 1, 1978, was authorized to maintain a tax and loan account and which wishes to administer a tax and loan account under the Note Option or the Remittance Option shall file with the Federal Reserve Bank of the district an Election of Option form signed by an official authorized to act on behalf of the depositary. The depositary will receive from the Federal Reserve Bank notice as to the effective date of that election. Until November 2, 1978, each authorized depositary shall continue to administer its tax and loan account under its authorization prior to that date.

(b) *Depositaries not filing an Election of Option form, yet accepting tax deposits.* A depositary authorized prior to November 2, 1978, to administer a Treasury tax and loan account, but which has not filed an Election of Option form by that date, or having filed that form, has not received from the Federal Reserve Bank prior to that date notice as to the effective date of that election shall on and after November 2, 1978, if it continues to credit deposits to the Treasury tax and loan account by entering such credits, be presumed to have assented to all terms and provisions of this part and to be administering the tax and loan account under the Remittance Option.

(c) *Inactive depositaries.* The authority of a depositary, authorized prior to November 2, 1978, to administer a Treasury tax and loan account, which depositary has not filed an Election of Option form and whose tax and loan account has had no credits for six months after November 2, 1978, will be revoked automatically. Thereafter, to accept deposits for credit to a Treasury tax and loan account, the financial institution shall seek new designation in accordance with § 203.3.

[43 FR 18967, May 2, 1978, as amended at 43 FR 47506, Oct. 16, 1978]

§ 203.12 Change of options.

A depositary is subject to the provisions of the option it has selected until such time as it provides notice to the Federal Reserve Bank requesting a change in option and receives formal notification from the Federal Reserve Bank of the effective date of the change of option. Specific details regarding changes in option are included in the Procedural Instructions for Treasury Tax and Loan Depositaries.

Subpart C—Interest and Compensation

§ 203.13 Rate of interest.

The rate of interest to be used in connection with the Note Option and the Remittance Option will be equal to the Federal funds rate less twenty-five basis points (i.e., ¼ of 1 percent). Details about the computation are included in the Procedural Instructions for Treasury Tax and Loan Depositaries.

§ 203.14 Compensation for services rendered.

(a) *General.* Depositaries will not be separately compensated for servicing the tax and loan account, but the bookkeeping costs of maintaining that account are considered in establishing the per-item fee for each Federal tax deposit, as prescribed at § 214.6(b) of this chapter.

(b) *Remittance Option—Class 2 depositaries.* Fees payable to Remittance Option—Class 2 depositaries for Federal tax deposits will be reduced by an analysis credit representing the value of the balances in tax and loan accounts in excess of a current day's credits. Specific details regarding the determination of the amount of compensation due are discussed in the Procedural Instructions for Treasury Tax and Loan Depositaries.

Subpart D—Collateral Security

§ 203.15 Collateral security requirements.

(a) *Note Option.* (1) Before crediting deposits to its Treasury tax and loan account, a Note Option depositary shall pledge collateral security in accordance with the requirements of paragraphs (c)(1), (d) and (e) of this section in an amount that is sufficient to cover the sum of 100 percent of the amount of the note balance and the closing balance in its Treasury tax and loan account which exceeds recognized insurance coverage, minus the amount of the note balance attributable to special direct investments.

(2) Before special direct investments are credited to a depositary's note account, a Note Option depositary shall pledge collateral security in accordance with the requirements of paragraphs (c)(2) and (e) of this section, and in accordance with the valuations of paragraphs (d)(4) through (8) of this section, as applicable, to cover 100 percent of the amount of the special direct investments to be received.

(b) *Remittance Option.* Prior to crediting deposits to its Treasury tax and loan account, a Remittance Option depositary shall pledge collateral security in accordance with the requirements and valuations of paragraph (d) of this section in an amount which is sufficient to cover the maximum balance in the tax and loan account at the close of business each day, less recognized insurance coverage.

(c) *Deposits of securities.* (1) Collateral security required under paragraphs (a)(1) and (b) of this section shall be deposited with the Federal Reserve Bank of the district, or with a custodian or custodians within the United States designated by the Federal Reserve Bank, under terms and conditions prescribed by the Federal Reserve Bank.

(2)(i) Collateral security required under paragraph (a)(2) of this section shall be pledged under a written security agreement on a form provided by the Federal Reserve Bank of the district. The collateral security pledged to satisfy the requirements of paragraph (a)(2) of this section may remain in the pledging depositary's possession and the fact that it has been pledged shall be evidenced by advices of custody to be incorporated by reference in the written security agreement. The written security agreement and all advices of custody covering collateral security pledged under that agreement shall be provided by the depositary to the Federal Reserve Bank of the district. Collateral security pledged under the agreement shall not be substituted for or released without the advance written approval of the Federal Reserve Bank of the district, and any collateral security subject to the security agreement shall remain so subject until an approved substitution is made. No substitution or release shall be approved until an advice of custody containing the description required by the written security agreement is received by the Federal Reserve Bank of the district.

(ii) Treasury's security interest in collateral security pledged by a depositary in accordance with paragraph (c)(2)(i) of this section to secure special direct investments is perfected without the Treasury's taking possession of the collateral security for a period of not to exceed 21 days from the day of receipt of the special direct investment.

(d) *Acceptable securities.* Unless otherwise specified by the Secretary of the Treasury, collateral security pledged under this section may be transferable securities of any of the following classes:

(1) Obligations issued or fully insured or guaranteed by the United States or any U.S. Government agency, and obligations of Government-sponsored corporations which under specific statute may be accepted as security for public funds: At face value.

(2) Obligations issued or fully guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank or the Asian Development Bank: At face value.

(3) Obligations partially insured or guaranteed by any U.S. Government agency: At a value equal to the amount of the insurance or guaranty.

(4) Notes representing loans to students in colleges or vocational schools which are insured either by Federal insurance or by a State agency or private nonprofit institution or organization administering a student loan insurance program in accordance with a formal agreement with the Commissioner of Education under the provisions of the Higher Education Act of 1965 or the National Vocational Student Loan Insurance Act of 1965: At face value.

(5) Obligations issued by States of the United States: At 90 percent of face value.

(6) Obligations of Puerto Rico: At 90 percent of face value.

(7) Obligations of counties, cities, and other governmental authorities and instrumentalities which are not in default as to payments on principal or interest: At 80 percent of face value.

(8) Obligations of domestic corporations which may be purchased by banks as investment securities under the limitations established by Federal bank regulatory agencies: At 80 percent of face value.

(9) Commercial and agricultural paper and bankers' acceptances approved by the Federal Reserve Bank of the district and having a maturity at the time of pledge not to exceed two years: At 90 percent of face value.

(e) *Assignment of securities.* A tax and loan depositary that pledges securities which are not negotiable without its endorsement or assignment may, in lieu of placing its unqualified endorsement on each security, furnish an appropriate resolution and irrevocable power of attorney authorizing the Federal Reserve Bank to assign the securities. The resolution and power of attorney shall conform to such terms and conditions as the Federal Reserve Bank shall prescribe.

(f) *Effecting payments of principal and interest on securities pledged as collateral subsequent to the insolvency of a depositary*—(1) *General.* In the event of the depositary's insolvency or closure, or in the event of the appointment of a receiver, conservator, liquidator or other similar officer to terminate its business, the depositary agrees that all principal and interest payments on any security pledged to protect the note account (if applicable) and the Treasury tax and loan account, due as of the date of the insolvency of closure, or thereafter becoming due, shall be held separate and apart from any other assets and shall constitute a part of the pledged security available to satisfy any claim of the United States.

(2) *Payment procedures.* (i) Subject to the waiver in paragraph (f)(2)(iii) of this section, each depositary (including, with respect to such depositary, an assignee for the benefit of creditors, a trustee in bankruptcy, or a receiver in equity) shall immediately remit such payments of principal and/or interest received by it with respect to collateral pledged pursuant to this section to the Federal Reserve Bank of the district as fiscal agent of the United States and in any event shall

so remit no later than 10 days after receipt of such a payment.

(ii) Subject to the waiver in paragraph (f)(2)(iii) of this section, each obligor on a security pledged by a depositary pursuant to this section shall make each payment of principal and/or interest due with respect to such security directly to the Federal Reserve Bank of the district, as fiscal agent of the United States.

(iii) The requirements of paragraphs (f)(2) (i) and (ii) of this section are hereby waived for only so long as a pledging depositary remains solvent. The foregoing waiver is terminated without further action immediately upon the insolvency of a pledging depositary or, if earlier, upon notice by the Treasury or the Federal Reserve Bank of the district of such termination. For purposes of this paragraph, a depositary is insolvent when, voluntarily or by action of competent authority, it is closed because of present or prospective inability to meet the demands of its depositors or shareholders.

[43 FR 18967, May 2, 1978, as amended at 43 FR 47506, Oct. 16, 1978; 47 FR 37083, Aug. 25, 1982]

Subpart E—Miscellaneous Provisions

§ 203.16 Termination of contract.

(a) *Termination by the Treasury.* The Secretary of the Treasury may terminate the contract of a Treasury tax and loan depositary at any time upon notice to that effect to that depositary effective at a prospective date set forth in the notice.

(b) *Termination by the tax and loan depositary.* A tax and loan depositary may terminate its depositary contract by submitting notice to that effect in writing to the Federal Reserve Bank of the district effective at a prospective date set forth in the notice.

§ 203.17 Implementing instructions.

Each Federal Reserve Bank is authorized to issue implementing instructions consistent with this part, which instructions shall be binding upon tax and loan depositaries located in its district.

§ 203.18 Effective date.

This revision of this part is effective November 2, 1978.

[43 FR 47506, Oct. 16, 1978]

PART 204—RESPONSIBILITIES AND LIABILITIES UNDER LETTER OF CREDIT—TREASURY FINANCIAL COMMUNICATIONS SYSTEM (LOC-TFCS)

Sec.

204.1 Purpose.
204.2 Scope.
204.3 Applicability.
204.4 Definitions.
204.5 General regulations.
204.6 Sanctions.

AUTHORITY: 31 U.S.C. 321; 31 U.S.C. 3325; 31 U.S.C. 3332; 31 U.S.C. 6503.

SOURCE: 50 FR 18245, Apr. 30, 1985, unless otherwise noted.

§ 204.1 Purpose.

The purpose of this part is to establish the terms of the contract that will be applicable to transactions involving the Letter of Credit—Treasury Financial Communications System (LOC-TFCS). It describes the responsibilities and liabilities of financial institutions participating in LOC-TFCS.

§ 204.2 Scope.

This part applies to:

(a) All financial institutions that begin participating in LOC-TFCS on or after the effective date of this interim rule, and

(b) Those financial institutions that are presently participating in LOC-TFCS whose agreements are being terminated and who desire to continue to participate in LOC-TFCS.

§ 204.3 Applicability.

(a) All financial institutions that desire to participate in LOC-TFCS will ultimately be subject to the terms of this interim rule. Those that participate for the first time after the effective date of the interim rule shall be subject to its terms immediately. Each financial institution that has signed an agreement with Treasury shall be subject to the terms of the interim rule ninety (90) days after the effective date of the Interim Rule. This interim rule constitutes notice by Treasury that each existing agreement is terminated effective ninety (90) days after the effective date of this interim rule.

(b) A financial institution's acceptance and handling of a recipient organization's request for funds issued pursuant to this part shall constitute its agreement to the provisions of this part.

§ 204.4 Definitions.

In this part;

(a) "Federal program agency" means any entity of the Federal government that administers a program in connection with which Federal funds are spent.

(b) "Letter-of-Credit method" means the method by which a recipient organization receives payment by drawing against a commitment (certified by a responsible official of a Federal program agency) which specifies a dollar amount available.

(c) "Letter of Credit—Treasury Financial Communications System" or "LOC-TFCS" means the electronic funds transfer system whereby the letters of credit are maintained and serviced by the Department of the Treasury and payment to a recipient organization is made by electronic funds transfer. This system provides for Federal program agency pre-audit of cash advances made to recipient organizations and a fixed payment time.

(d) "Recipient organization" means any organization outside the Federal government (including any State or local government, educational institution, international organization and any other public or private organization or individual) receiving cash advances under a Federal grant or other program either directly from a Federal program agency or indirectly through another recipient organization.

(e) "Recipient organization financial institution" or "ROFI" means a bank, savings and loan, or other financial institution that the recipient organization uses to provide the LOC-TFCS services.

§ 204.5 General regulations.

(a) A ROFI shall transmit requests for funds only when authorized, and in the amount requested, by the recipient organization.

(b) A ROFI shall exercise reasonable care in knowing its customers (*i.e.*, those individuals identified as having authority to request funds on behalf of the recipient organization and/or authorized to withdraw funds from the recipient's account) in accordance with commonly accepted business standards.

(c) A ROFI shall credit to the recipient organization's account the full amount of funds received from the United States Treasury in response to a request for funds on the same day the ROFI receives those funds.

(d) A ROFI shall provide notice of credit to the recipient organization on the same day the funds are credited to the recipient organization.

§ 204.6 Sanctions.

If the failure of a ROFI to act in accordance with § 204.5 of this part causes Treasury to make an erroneous payment or if a ROFI fails to timely transfer a payment to a recipient organization, the ROFI shall be liable to Treasury for the amount of the erroneous payment and for interest on an untimely payment. Interest shall be calculated at the weekly Federal funds rate published in the Federal Reserve Bulletin in Table A-27 entitled "Interest Rates, Money and Capital Markets" and shall be due for the entire period of time that the amount of the payment remains outstanding.

PART 205—WITHDRAWAL OF CASH FROM THE TREASURY FOR ADVANCES UNDER FEDERAL GRANT AND OTHER PROGRAMS

Sec.

205.1 Purpose.
205.2 Scope of regulations.
205.3 Definitions.
205.4 General regulations.
205.5 Irrevocability of the letter of credit.
205.6 Contract or grant provisions.
205.7 Termination of advance methods of financing grant programs.
205.8 Responsibilities of Federal program agencies.

Sec.
205.9 Implementing instructions.
205.10 Waivers.

Authority: 5 U.S.C. 301; sec. 203, 82 Stat. 1101 (42 U.S.C. 4213).

Source: Dept. Cir. 1075, Fourth Revision, 42 FR 62927, Dec. 14, 1977, unless otherwise noted.

§ 205.1 Purpose.

This part prescribes the regulations governing advances to recipient organizations for financing operations under Federal grant and other programs.

§ 205.2 Scope of regulations.

(a) The regulations in this part apply to any Federal program requiring advances to finance the recipient organization's activities in carrying out the program, whether by contract, grant, contribution, or other form of agreement. (Advance payments on procurement contracts are also subject to the provisions of the Federal Procurement Regulations regarding contract financing which appear at 41 CFR 1-30 and the provisions of the Armed Services Procurement Regulations regarding defense contracting which appear at 32 CFR Part 163.) The regulations in this part are not generally applicable to loan programs. However, the letter-of-credit method should be considered by Federal program agencies for application to loans carrying interest rates which are lower than Treasury borrowing rates.

(b) These regulations are not intended to apply to Government disbursements made to reimburse an organization for work already performed and financed with the organization's own working capital. However, these regulations do apply to reimbursable grant programs involving nonprofit organizations participating in the single letter-of-credit funding technique. Any other specific application of features of these regulations to reimbursement payments will be considered by the Department of the Treasury if requested by a Federal program agency.

§ 205.3 Definitions.

For the purpose of this part:

(a) *Recipient organization* means an organization outside the Federal Government (including any State and local government, educational institution, international organization and any other public and private organization) receiving cash advances under Federal grant and other programs.

(b) *Primary recipient organization* means a recipient organization receiving cash advances directly from the Federal Government.

(c) *Secondary recipient organization* means a recipient organization receiving cash advances from a primary recipient organization.

(d) *Direct Treasury check* means the method whereby payment is made directly to a recipient organization by Treasury check authorized by the responsible officer of the Federal program agency.

(e) *Letter of Credit—Treasury Regional Financial Centers System* means the system whereby the letters of credit are maintained and serviced by Treasury Regional Financial Centers.

(f) *Letter of Credit—Federal Reserve Bank System* means the system whereby the letters of credit are maintained and serviced by Federal Reserve banks and branches.

(g) *Checks paid technique* means the procedure whereby the drawdown on the letter of credit is delayed until the checks issued for program disbursements are presented to the recipient organization's bank for payment.

(h) *Delay of drawdown technique* means the procedure whereby the drawdown on the letter of credit is delayed until after the checks issued for program disbursements have been forwarded to the payees.

(i) *Consolidation of funding to the same recipient organization under one letter of credit* means the procedure whereby, within a single accounting entity, the Federal program agency combines all advance funding to the same recipient organization under one letter of credit. It achieving this objective, the Federal program agency shall include all advance funding to the recipient organization including that which ordinarily would not qualify because it does not meet the criteria established for the letter-of-credit method.

(j) *Single letter-of-credit technique* means the procedure whereby numerous letters of credit issued by different accounting entities within the same Federal department to State agencies, local government agencies, or recipient institutions are replaced by one centrally administered single letter of credit issued to one central organization within that State, local government, or recipient institution.

(k) *Working capital advance basis* means the procedure whereby funds are advanced to the recipient organization to cover its estimated disbursement needs for a given initial period. Thereafter, the recipient organization would be reimbursed for the amount of its actual cash disbursements. The amount of the initial advance shall be geared to the reimbursement cycle so that after the initial period the payments are approximately equal to the average amount of the recipient organization's unreimbursed program payments.

[Dept. Cir. 1075, 4th Rev., 42 FR 62927, Dec. 14, 1977, as amended at 49 FR 47001, Nov. 30, 1984]

§ 205.4 General regulations.

(a) Cash advances to a recipient organization shall be limited to the minimum amounts needed and shall be timed to be in accord only with the actual, immediate cash requirements of the recipient organization in carrying out the purpose of the approved program or project. The timing and amount of cash advances shall be as close as is administratively feasible to the actual disbursements by the recipient organization for direct program costs and the proportionate share of any allowable indirect costs.

(b) If a Federal program agency has, or expects to have, a continuing relationship with a recipient organization for at least one year, involving annual advances aggregating at least $120,000, the agency shall use the letter-of-credit method. Letters of credit will be established with the Treasury regional disbursing offices and Treasury Regional Financial Centers (Letter of Credit—Treasury Regional Financial Center System) or the Federal Reserve banks and branches (Letter of Credit—Federal Reserve Bank System) as determined by the Commissioner, Financial Management Service, or his designee.

(c) When annual advances to a recipient organization aggregate less than $120,000 or there is not a continuing relationship for at least one year, the cash advances shall ordinarily be made by the direct Treasury check method. Such cash advances shall be made only in amounts necessary to meet current disbursement needs and shall be scheduled so that the funds are available to the recipient organization only immediately prior to their disbursement by the organization.

(d) Each Federal program agency shall work toward the objective of the consolidation of funding to the same recipient organization under one letter of credit. Also, the single letter-of-credit, checks paid, and the delay of drawdown techniques of withdrawing funds under the letter-of-credit method shall be employed wherever feasible under the direction and approval of the Department of the Treasury.

(e) Cash advances made by primary recipient organizations to secondary recipient organizations shall conform substantially to the same standards of timing and amount as apply to cash advances by Federal program agencies to primary recipient organizations. Federal program agencies shall require primary recipient organizations to develop procedures whereby secondary recipient organizations can obtain funds from the primary recipient organization as needed for disbursement.

A letter of credit is irrevocable (the equivalent of cash available to the recipient organization) to the extent the recipient organization has obligated funds in good faith thereunder in executing the authorized Federal program in accordance with the grant, contract, or other agreement.

[Dept. Cir. 1075, 4th Rev., 42 FR 62927, Dec. 14, 1977, as amended at 49 FR 47001, 47002, Nov. 30, 1984]

§ 205.5 Irrevocability of the letter of credit.

A letter of credit is irrevocable (the equivalent of cash available to the recipient organization) to the extent the

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recipient organization has obligated funds in good faith thereunder in executing the authorized Federal program in accordance with the grant, contract, or other agreement.

§ 205.6 Contract or grant provisions.

Use of letters of credit shall be covered by a clause in the grant, contract, or other financing agreement whereby the recipient organization commits itself to:

(a) Initiating cash drawdowns only when actually needed for its disbursements, (b) timely reporting of cash disbursements and balances as required by the Federal program agency, and (c) the imposition of the same standards of timing and amount upon any secondary recipient organizations including the furnishing of reports of cash disbursements and balances, with the understanding that failure to adhere to these provisions may cause the unobligated portion of the letter of credit to be revoked by the Federal program agency or by the Department of the Treasury. The financial management system of the recipient organization shall provide for effective control over and accountability for all Federal funds as stated in OMB Circular A-102 revised for State and local governments and OMB Circular A-110 for institutions of higher education, hospitals, and other nonprofit organizations.

§ 205.7 Termination of advance methods of financing grant programs.

When a recipient organization receiving cash advances by a letter of credit or by direct Treasury check method has demonstrated to a Federal program agency an unwillingness or inability to establish procedures that will minimize the time elapsing between cash advances and the disbursement thereof, the Federal program agency, unless prohibited by the statutes governing the program(s) in question, shall terminate advance financing and shall require the recipient organization to finance its operations with its own working capital, and payments to the recipient organization shall be made by direct Treasury check method to reimburse it for actual cash disbursements. In those cases in which the reimbursement method is not feasible, arrangements may be made whereby the operations of the recipient organization are financed on a working capital advance basis.

§ 205.8 Responsibilities of Federal program agencies.

Regardless of the particular method used to advance funds, the Federal program agency shall be responsible for:

(a) Making such reviews of the financial practices of recipient organizations, both primary and secondary, as are necessary to insure that the provisions of this part are being complied with, and (b) instituting such remedial measures as may be necessary in the event that a recipient organization demonstrates its unwillingness or inability to comply with these provisions. Federal program agencies shall formulate procedural instructions which specify the methods employed to carry out these responsibilities and shall forward copies of such instructions to the Commissioner, Financial Management Service, or his designee for approval. Also, each Federal program agency shall furnish the Department of the Treasury such periodic reports showing cash balances in the hands of the recipient organizations and results of reviews of the financial practices of recipient organizations as are required by the Commissioner, Financial Management Service, or his designee.

[Dept. Cir. 1075, 4th Rev., 42 FR 62927, Dec. 14, 1977, as amended at 49 FR 47001, Nov. 30, 1984]

§ 205.9 Implementing instructions.

The Commissioner, Financial Management Service, will issue implementing instructions for the regulations established by this part in Volume I of the Treasury Fiscal Requirements Manual.

[Dept. Cir. 1075, 4th Rev., 42 FR 62927, Dec. 14, 1977, as amended at 49 FR 47001, Nov. 30, 1984]

§ 205.10 Waivers.

Any waivers of the provisions of this part previously granted to Federal program agencies are hereby revoked. Requests for waivers of specific provisions of this part shall be presented in writing to the Commissioner, Financial Management Service, or his designee.

[Dept. Cir. 1075, 4th Rev., 42 FR 62927, Dec. 14, 1977, as amended at 49 FR 47001, Nov. 30, 1984]

PART 206—MANAGEMENT OF FEDERAL AGENCY RECEIPTS AND OPERATION OF THE CASH MANAGEMENT IMPROVEMENTS FUND

Sec.

206.1 Scope and application.
206.2 Definitions.
206.3 Billing policy and procedures.
206.4 Collection mechanisms.
206.5 Collection and deposit procedures
206.6 Cash management planning and review.
206.7 Notice of deficiency.
206.8 Appeals.
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206.10 Operation of and payments from the Cash Management Improvements Fund.

AUTHORITY: 31 U.S.C. 321, 3301, 3302, and 3720.

SOURCE: 50 FR 35549, Sept. 3, 1985, unless otherwise noted.

§ 206.1 Scope and application.

This regulation applies to all government departments and agencies in the Executive Branch (except Tennessee Valley Authority) and all monies collected by these departments and agencies. This regulation does not apply to interagency transfers. Policies and guidelines are prescribed for promoting effective cash management through improved billing, collection, and deposit that result in improved availability of funds. Authority to implement this regulation has been delegated within Treasury to the Commissioner of the Financial Management Service, hereinafter referred to as "the Service." The Service maintains the final authority as granted under the Deficit Reduction Act of 1984 to specify use of a particular method or mechanism of collection and deposit by an agency and to recover costs that result from noncompliance. An agency is prohibited under this regulation from entering into new contractual agreements or renewal of existing contracts for agency collection systems without the prior approval of the Service, as described in the Treasury Financial Manual, Volume I, Chapter 6-8000 (I TFM 6-8000).

§ 206.2 Definitions.

For the purpose of this regulation, the following definitions apply:

(a) "Agency" means: Any department, instrumentality, office, commission, board, service, government corporation, or other establishment in the Executive Branch, except the Tennessee Valley Authority.

(b) "Billing" means: Any of a variety of means by which the Government places a demand for payment against an entity that is indebted to the Government. The term encompasses invoices, notices, initial demand letters, and other forms of notification.

(c) "Collect" means: The process of effecting a collection.

(d) "Collection" means: The transfer of monies from a source outside the Federal Government to an agency or to a financial institution acting as an agent of the Government.

(e) "Collection Mechanism" means: Any one of a number of tools or systems by which monies are transferred to the Government from a source outside the Government.

(f) "Cutoff time" means: A time predesignated by a financial institution beyond which transactions presented or actions requested will be considered the next banking day's business.

(g) "Deposit" means: As a noun, money that is being or has been presented for credit to the U.S. Treasury. Deposits can be made by an agency or directly by the remitter. All such transfers are effected through a Federal Reserve Bank or other financial institution. As a verb, the act of presenting monies for credit to the U.S. Treasury by an official of an agency.

(h) "Depositary" means: A bank or other financial institution which has been authorized by the U.S. Treasury to receive monies for credit to the U.S. Treasury.

(i) "Fund" means: The Cash Management Improvement Fund.

(j) "Monies" (or "receipts") means: Currency, negotiable instruments, and/or demand deposits owed to or collected by an agency.

(k) "Next Day Deposit" means: A deposit made before the cutoff time on the day following the day on which the funds were received by an agency. For example, if an agency receives funds for deposit at 3 pm on *Monday*, and transmits the deposits to the depositary by 2 pm on *Tuesday* (the depositary's next cutoff time) then next-day deposit requirements are met.

(l) "Same Day Deposit" means: A deposit made before the cutoff time on the day on which the funds were received by an agency. For example, if an agency receives funds for deposit at 10 am on *Monday* and transmits the deposits by 2 pm on *Monday* (the depositary's cutoff time) then same-day deposit has been achieved.

(m) "Service" means: The Financial Management Service (formerly the Bureau of Government Financial Operations), Department of the Treasury.

(n) "Treasury Financial Manual" (TFM) means: Manual issued by the Service containing procedures to be observed by all government departments and agencies in relation to central accounting, financial reporting, and other governmentwide fiscal responsibilities of the Department of the Treasury. Volume I, Chapter 6-8000 ("I TFM 6-8000") of the Manual contains cash management procedures to be followed pertaining to these regulations.

§ 206.3 Billing policy and procedures.

The billing process is considered an integral part of an effective cash management program. In those situations where bills are required and the failure to bill would affect the cash flow, bills will be prepared and transmitted within 5 business days after goods have been shipped or released, services have been rendered, or payment is otherwise due. An agency may prepare and transmit bills later than the 5 day timeframe if it can demonstrate that it is cost effective to do so. In addition, the bill must include the terms and dates of payments, and late payment provisions, if applicable. Terms and dates of payments will be consistent with industry practices. I TFM 6-8000 describes detailed billing policies, procedures, and industry standards.

§ 206.4 Collection mechanisms.

(a) An agency's collection processes shall include procedures which provide for prompt and continuing action to collect monies owed to or received by that agency. I TFM 6-8000 prescribes guidelines to be followed in developing and implementing such procedures. Any such system must expedite credit and availability of these monies to the U.S. Treasury. Collections are made through a number of alternative collection mechanisms. The most fundamental form of collection mechanism requires the remitter to deliver monies to the offices of the agency responsible for the collection. Electronic funds transfer systems expedite credit and availability of funds into the banking system, thereby bypassing agency handling of monies. Treasury therefore endorses movement toward electronic funds transfer systems when they are determined to be cost-effective.

(b) In proposing an appropriate collection mechanism, an agency will attempt to minimize total costs to the Government, including known or estimated agency personnel costs, costs of procurement, equipment and system implementation and maintenance costs, and interest costs. A feasibility study, including a cost-benefit analysis, will normally be conducted by an agency and the Service prior to any decision on implementation of a certain mechanism. Improvements to the existing system will be addressed as one option. Interest savings should be measured against the existing deposit system. Future year cash flows will be considered especially if significant increases or decreases are projected. Seasonality (peak periods of collection) and the nature of the collection items (e.g., cash, check, money order) also must be considered. Interest savings will be addressed by source; e.g., elimination or reduction of mail, processing, and availability float.

(c) Selection of the best collection mechanism is a joint responsibility of an agency and the Service. An agency

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has the primary responsibility for conducting cash management reviews; documenting their collection systems; gathering volume and dollar data relative to the operation of the systems; taking the initiative to improve the mechanism for effecting their collections; and funding any implementation and operational costs above those normally funded by Treasury. The Service's primary role is as consultant, facilitator, and regulator and it will conduct periodic reviews of agencies; cash management programs in furtherance of that role. The Service is also the required approval authority when an agency desires to convert from one collection mechanism to another. The Service's approval must also be obtained prior to an agency entering into new contractual agreements or renewing existing contracts for agency collection systems.

(d) In view of the significant cash management savings that can accrue as a result of converting from one collection mechanism to another, the Service is empowered by the Deficit Reduction Act of 1984 to prescribe the use of a specific collection mechanism for mandatory use in a designated portion of an agency's collection system. In so doing, the Service shall give consideration to all applicable factors, including but not limited to agency program requirements, an agency's costs of implementation, recurring operational costs, and other management improvements.

§ 206.5 Collection and deposit procedures.

(a) Prompt collection and deposit of monies are imperative to good cash management. This regulation prescribes the following timeframe requirements:

(1) An agency will achieve same day deposit of monies. Where same day deposit is not cost-effective or is impracticable, next day deposit of monies must be achieved.

(2) Deposits will be made at a time of the day prior to the depositary's specified cutoff time, but as late as possible in order to maximize daily deposit amounts.

(3) When cost-beneficial to the Government, an agency may make multiple deposits.

(b) Exceptions to the above policies are as follows:

(1) Collections of less than $1,000 may be accumulated and deposited when the total reaches $1,000. When an agency can fully cost-justify retaining collections in excess of $1,000, it may retain them. However, in no case will deposits be made less frequently than weekly.

(2) The mailing of deposits to depositaries (including Federal Reserve Banks or financial institutions) may be used if approved by the Service, when all other methods of deposit cannot be cost-justified or no other method of deposit is available. In these cases, the deposit timeframe requirements apply to timely mailing of deposits.

(c) An agency will use expeditious procedures and processes in its receipt processing. Priority will be given to procedures which will expedite availability of funds to the Treasury. Automation will be used when it is cost beneficial to the Government. The current and future projection of volume of receipts will be given full consideration in all upgrades to systems.

§ 206.6 Cash management planning and review.

(a) The primary responsibility to implement an effective cash management program rests with an agency. As part of its overall responsibility, an agency must constantly seek methods to bring about cash management savings and periodically perform cash management reviews to identify areas needing improvement.

(b) As part of its cash management review process, an agency is expected to document cash flows in order to provide an overview of its cash activities and to identify areas that will yield savings after cash management initiatives are implemented.

(c) An agency's initial and subsequent cash management reviews will provide the basis for identification of improvements and preparation of cash flow reports for submission to the Services as prescribed by I TFM 6-8000. That chapter provides requirements for an agency in performing periodic cash managment reviews, identifying improvements, and preparing cash flow reports. The schedule for submission of information will be published in a TFM bulletin. In addition, periodic reports must be submitted by an agency to the Service on progress made in implementing cash management initiatives and associated savings.

(d) The Service will periodically review an agency's cash management program to ensure that adequate progress is being made to improve overall cash management at an agency. As part of its oversight authority, the Service may visit an agency and review all or specific cash management activities of an agency. An agency will be notified in advance of the Service's review and will be required to provide the Service with documentation of the agency cash management review within the timeframes and format required by I TFM 6-8000.

§ 206.7 Notice of deficiency.

The Service will monitor agency cash management performance. Part of the monitoring process will include discussion and/or correspondence between the Service and an agency in which improved methods of cash management will be suggested and discussed. An agency will be given a full opportunity to concur or not concur and to recommend alternative solutions and implementation schedules. Following establishment of mechanism improvements and implementation end dates, an agency will be committed to completing these initiatives as scheduled. In cases where an agency fails to meet a scheduled implementation date within their control, the Commissioner, Financial Management Service, will send a formal Notice of Deficiency to an agency's designated cash management official. A separate notice will be sent for each initiative. The Notice of Deficiency will include at a minimum the nature of the deficiency, the amount of the proposed charge, the method of calculation, the right to file an appeal, and the date the charge will be imposed in the absence of an appeal.

§ 206.8 Appeals.

(a) An agency which chooses to file an appeal must submit the appeal in writing to the Commissioner, Financial Management Service, within 45 calendar days of the date of the Notice of Deficiency. In the event of an appeal, the charge imposed under the Notice of Deficiency will be deferred pending the results of the appeal. If an appeal is not submitted (i.e., received by the Commissioner, Financial Management Service) within 45 calendar days, the amount indicated in the Notice of Deficiency will be charged per § 206.9.

(b) The appeal shall contain the elements and follow the submission procedures specified in I TFM 6-8000. The appeal will include the background leading to the Notice of Deficiency, the basis of the appeal, and the action requested by an agency. An agency should state its disagreements with the Notice of Deficiency which may include cost/benefit factors, the amount of the charge, and other items.

(c) An agency must state what action it requests in its appeal. An agency may request that the Notice of Deficiency be completely overturned for cost/benefit or other considerations. Alternatively, an agency may request a reduced charge, deferral of the charge, an alternative solution to cash management improvement, or a combination of these actions.

(d) *Appeals board.* The appeals board shall consist of three members—two permanent members and one temporary member. The permanent members will be the Commissioner, Financial Management Service, and the Assistant Commissioner, Federal Finance, Financial Management Service. The temporary board member will be a cash management official from a Federal agency other than the agency appealing the Notice of Deficiency. The board will be convened on an as-needed basis; the order of agency assignment to the board will be published by Treasury. The Commissioner, Assistant Commissioner, and the designated agency cash management official may delegate their responsibility to a staff subordinate having sufficient experience in cash management matters. The Assistant Commissioner's designee may be from any area other than that which issued the Notice of Deficiency.

(e) *Appeal review process.* The appeals board will review the Notice of Deficiency, any additional information submitted by the Service, and the written appeal from an agency. Based on this review, the board may decide additional investigation is required. The board may request an agency and/or the Service to meet with the board as part of the review process.

(f) *Appeal finding.* A written majority decision shall be rendered by the appeals board within 30 calendar days of receipt of the appeal. The board may extend this period for an additional 30 calendar days if required. The decision of the board whether to uphold the Notice of Deficiency, to overturn the Notice of Deficiency, or to mandate some other action will be stated in the finding. Other action mandated may include a reduced charge, a deferral of the charge, an alternate solution to cash management improvement, or a combination of these actions. The basis of the decision, the amount of the charge and the effective date of the charge will be stated in the finding. The effective date of the charge may be retroactive to the date indicated in the Notice of Deficiency.

(g) Any terms related to charge deferral will be stated; the Service and an agency will be required to submit evidence of compliance to such terms at a future specified date. At this future time, the appeals board will review the evidence of compliance. Based on this evidence, the board will decide whether to impose a charge.

§ 206.9 Charges.

(a) Within 30 calendar days of the effective date of the charge or the appeals decision, an agency must submit appropriate accounting information to the Assistant Commissioner, Federal Finance, Financial Management Service. The charge will be calculated following procedures outlined in I TFM 6-8000, and will be assessed for each month that noncompliance continues. An agency will absorb the charge from within funds available for the administration or operation of the program(s) to which the collections relate.

(b) If an agency does not voluntarily pay the charge assessed under § 206.9(a), the Financial Management Service will debit the appropriate account automatically. By failing to voluntarily pay the charge as required by the Deficit Reduction Act of 1984, an agency shall be deemed to authorize the automatic debit to its account.

(c) The Commissioner, Financial Management Service will formally terminate the charge when the Commissioner has determined that an agency has complied. In addition, on an annual basis, the Commissioner will review an agency's performance and calculation of the charge, and will notify an agency in writing of any changes to the amount being charged.

§ 206.10 Operation of and payments from the Cash Management Improvements Fund.

(a) The Cash Management Improvements Fund will be operated as a revolving fund by the Financial Management Service. Charges assessed under § 206.9 will be deposited into the Fund. The Financial Management Service will also disburse any payments from the Fund based on projects selected by a project selection and approval committee.

(b) *Committee composition.* The committee shall consist of three members—two permanent members and one temporary member. The permanent members will be the Commissioner, Financial Management Service, and the Assistant Commissioner, Federal Finance, Financial Management Service. The temporary committee member will be a cash management official from a federal agency other than an agency being considered for funds. Decisions of the project selection and approval committee cannot be appealed. An agency will be notified of any available amounts in the Fund, and requirements to apply for such monies, through a TFM bulletin.

(c) As provided by 31 U.S.C. 3720, sums in the Fund shall be available without fiscal year limitation for the payment of expenses incurred in developing improved methods of collection and deposit and the expenses incurred in carrying out collections and deposits using such methods, including the costs of personal services and the costs of the lease or purchase of equipment and operating facilities.

(d) In addition to all reports required by law and regulation, the Treasury will prepare and publish a full report on receipts, disbursements, balances of the Fund, and full disclosure on projects financed by the Fund.

PART 209—PAYMENT TO FINANCIAL INSTITUTIONS FOR CREDIT TO ACCOUNTS OF EMPLOYEES AND BENEFICIARIES

Sec.

209.1 Scope of regulations.
209.2 Definitions.
209.3 Allotments of pay for savings accounts.
209.4 Payments of net pay for employees.
209.5 Recurring payments for beneficiaries.
209.6 Identification of financial institution office to receive remittances for allotments of pay.
209.7 Depositor account numbers.
209.8 Financial institution as agent.
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209.10 Financial institution not government depositary.
209.11 Procedural instructions.

AUTHORITY: R. 3620, as amended, 31 U.S.C. 492.

§ 209.1 Scope of regulations.

(a) The regulations in this part govern the regular remittance to financial institutions of Federal payments which are for credit to the accounts of employees and beneficiaries, as defined herein, including payments for:

(1) Full amounts of salaries and wages of civilian employees, and pay and allowances of members of the uniformed services;

(2) Allotments of pay for savings accounts (available hereunder only to civilian employees[1]); and

(3) Recurring annuities and benefits.

(b) The regulations in this part do not supersede, and shall not be used to circumvent, the requirements of particular statutes, Executive orders or other executive branch regulations; for example, see Civil Service Commission regulations at 5 CFR Part 550, Subpart C, issued pursuant to 5 U.S.C. 5525. Savings allotments under the regulations in this part shall not be used as a means to pay dues to labor organizations.

[38 FR 27521, Oct. 4, 1973, as amended at 50 FR 263, Jan. 3, 1985]

§ 209.2 Definitions.

As used in these regulations:

(a) "Agency" means any department, agency, independent establishment, board, office, commission, or other establishment in the executive, legislative (except the Senate and House of Representatives), or judicial branch of the government, any wholly owned or controlled government corporation, and the municipal government of the District of Columbia;

(b) "Financial institution" means any bank, savings bank, savings and loan association or similar institution, or Federal or State chartered credit union;

(c) "Employee" means: (1) When used in reference to allotments of pay for savings accounts, a civilian employee of an agency, and (2) when used otherwise, a civilian employee of an agency or a member of a uniformed service;

(d) "Beneficiary" means a person or persons receiving an annuity or benefit payment or other recurring payment under Federal law, other than a payment of salary or wages or pay and allowances;

(e) "Allotment of pay for a savings account" means an authorization from an employee for a recurring payroll deduction from salary or wages due, in a specified dollar amount, to be remitted to a financial institution of his choice, for credit to his savings account;

(f) "Savings account" means an account (single or joint) for the purchase of shares (other than shares of stock) or for the deposit of savings in any financial institution, the title of which account include the name of the authorizing employee;

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[1] See 32 CFR Part 59—Voluntary Military Pay Allotments, issued pursuant to 37 U.S.C. 701-706, for military allotments for savings.

(g) "Net pay" means the amount of salaries or wages of civilian employees and pay and allowances of members of the uniformed services remaining due after all payroll deductions for allotments of pay for savings accounts and other purposes and all other payroll deductions;

(h) "Recurring payment" means a benefit, annuity, or other payment which is made repeatedly at regular intervals.

[38 FR 27521, Oct. 4, 1973, as amended at 50 FR 263, Jan. 3, 1985]

§ 209.3 Allotments of pay for savings accounts.

(a) Any employee whose place of employment is within the United States may authorize an allotment of pay for a savings account under these regulations, provided that allotments of pay for savings are not otherwise available to the employee under the regulations referred to in § 209.1(b).

(b) The head of an agency shall effectuate such allotments of pay for savings accounts:

(1) If the employee provides the agency with a written request (on a form promulgated by the Treasury or such agency-adapted form as may be approved by the Treasury for the purpose) which designates the financial institution and such financial institution, by endorsement thereon, states its willingness to act in this respect as agent of the employee.

(2) If the allotment is a fixed amount, in round dollars (no cents), to be deducted in each successive payroll (until canceled by the employee, in writing, or otherwise terminated);

(3) If not more than two such allotments for any employee shall be in effect at any time;

(4) To the extent that the amount of salary or wages becoming due an employee for any pay period thereafter is sufficient to cover: (i) In the case of a single allotment, the full amount thereof, or (ii) in the case of two allotments, the aggregate amount of both. In making any determinations under this paragraph, all payroll deductions otherwise required shall have priority over those authorized by this section; and

(5) Regardless of the manner in which the allotment for savings ultimately will be disposed of by the employee (which is at his own discretion), except that the purpose of the allotment may not circumvent statutes, Executive orders, and other executive branch regulations (see § 209.1(b)).

[38 FR 27521, Oct. 4, 1973, as amended at 49 FR 47002, Nov. 30, 1984; 50 FR 263, Jan. 3, 1985]

§ 209.4 Payments of net pay for employees.

(a) Any employee may request that the full amount of net pay due him, in lieu of being paid by check drawn to his order, be paid to him regularly by check drawn in favor of a financial institution of his choice, for credit to his account.

(b) The head of an agency shall authorize the appropriate disbursing officer to pay an employee by sending to the financial institution designated by that employee a check that is drawn in favor of that institution and for credit to the account of that employee. This procedure shall be used only:

(1) If the employee provides the agency with a written request (on a form promulgated by the Treasury or such agency-adapted form as may be approved by the Treasury for the purpose) which designates the financial institution.

(2) For the full amount of net pay becoming due on successive payrolls (until the request is canceled by the employee in writing); and

(3) For payments for credit to any account (single or joint) designated by the employee, the title of which includes the name of the employee as stated on the check.

(c) Whenever, under the procedures set out in paragraph (b) of this section, payments are made by an agency on the same regularly recurring dates to five or more employees who designate the same financial institution, the head of the agency shall authorize the appropriate disbursing officer to draw the check for the total amount in favor of that institution for credit to the accounts of the several employees, and the disbursing officer shall draw the check in that manner if the financial institution has agreed to such an arrangement.

[38 FR 27521, Oct. 4, 1973, as amended at 50 FR 263, Jan. 3, 1985]

§ 209.5 Recurring payments for beneficiaries.

(a) The head of an agency may authorize the appropriate disbursing officer to make a recurring payment to a beneficiary by sending to the financial institution designated by that beneficiary a check that is drawn in favor of that institution and is for credit to the account of that beneficiary, in lieu of payment by check drawn to his order.

(b) The procedure set out in paragraph (a) of this section may be adopted only:

(1) If the beneficiary to whom the recurring payment is to be made provides the agency with a written request (on a form promulgated by the Treasury or such agency-adapted form as may be approved by the Treasury for the purpose) which designates the financial institution;

(2) For the full amount of the recurring payment becoming due on successive payment dates (until the request is canceled by the beneficiary in writing); and

(3) For payments for credit to an account, designated by the beneficiary to whom the recurring payment is to be made, the title of which includes the name of the beneficiary as stated on the check.

(c) Whenever, under the procedures set out in paragraph (a) of this section, recurring payments are made to two or more beneficiaries who designate the same financial institution, the head of the agency, may, after consultation with, and approval by, the Fiscal Assistant Secretary of the Treasury, authorize the appropriate disbursing officer to draw a single check for the total amount in favor of that institution for credit to the accounts of the several beneficiaries, and the disbursing officer shall draw the check in that manner if the financial institution has agreed to such an arrangement.

(d) The procedures set out in this section shall not be used for allotting a part of a recurring payment or for effectuating an assignment of a recurring payment.

(e) The Fiscal Assistant Secretary will initiate, as appropriate, joint Treasury-agency consideration of application of the procedures set forth in this section.

[38 FR 27521, Oct. 4, 1973, as amended at 50 FR 263, Jan. 3, 1985]

§ 209.6 Identification of financial institution office to receive remittances for allotments of pay.

(a) Except as authorized in accordance with paragraph (b) of this section, remittances covering allotments of pay for savings accounts in behalf of all employees designating the same financial institution shall be forwarded uniformly to a single office of such financial institution notwithstanding the fact that the employees may otherwise make deposits to their accounts at different branch offices of such financial institution. In executing the form required pursuant to § 209.3, each employee will be expected to ascertain from the financial institution the address of its single office which is to receive remittances. In any event, the financial institution, in executing the form, shall:

(1) Review the address inserted and, if necessary, correct it to conform with the requirements of this section;

(2) Insert, in the space provided, the "employer identification number" assigned to it by the Internal Revenue Service, Department of the Treasury. Such identification numbers, which are susceptible of universal application in identifying each individual financial institution as a whole, will be used in agency payroll systems to facilitate the assembly of all of its payroll deductions applicable to the same financial institution; and

(3) Identify the block specified on the form which indicates conformance with the requirement for a single remittance point in the financial institution.

(b) A financial institution which maintains its savings accounts at branch offices only and which cannot comply with the requirements of paragraph (a) of this section, on the basis that its own internal transmission of deposit credits from a single remittance point to its respective branch offices is impracticable, may certify to that effect by identifying the block provided for this purpose on the form required by § 209.3. Such certification shall serve to waive the requirements of paragraph (a) of this section on the basis that the financial institution cannot otherwise agree to accept remittances for credit to accounts of employees designating such financial institution. Such financial institution shall:

(1) Establish a standardized series of numeric codes consisting of three digits (001 through 999) to be used uniformly in identifying each of its branch offices required to receive remittances;

(2) Insert, in the space provided on the form, its "employer identification number" and, as a parenthetical suffix, its three-digit code identifying the applicable branch office consistent with the address of that office as shown on the form; and

(3) Make such inter-office adjustments of deposit credits as may become necessary in the event a remittance to one branch office includes credit for a particular savings account at a different branch office, whether by reason of an inconsistency in the initial designation of the branch office code on the form or otherwise.

[38 FR 27521, Oct. 4, 1973, as amended at 50 FR 263, Jan. 3, 1985]

§ 209.7 Depositor account numbers.

Based on the forms submitted by employees and beneficiaries pursuant to §§ 209.3, 209.4 and 209.5, agencies shall use depositor account numbers supplied by the financial institution as an identification of the account to be credited, in addition to the name and social security account number of the employee or beneficiary. Records supporting checks issued pursuant to §§ 209.3, 209.4(c) and 209.5(c) shall be so identified. Individual checks issued pursuant to §§ 209.4(b) and 209.5(a) shall be identified, as a minimum, with the name and depositor account number of the employee or beneficiary. The United States shall not assume responsibility for the correctness of such depositor account numbers, and the name and/or social security account number of the employee or beneficiary to whom payment is to be made will govern the crediting of the account.

[38 FR 27521, Oct. 4, 1973, as amended at 50 FR 263, Jan. 3, 1985]

§ 209.8 Financial institution as agent.

A financial institution which receives checks under the procedure set out in §§ 209.3, 209.4 and 209.5 does so in each case as the agent of the employee or beneficiary who has designated the financial institution to receive the check and credit his account. Such a financial institution may revoke its agency by notice to the employee or beneficiary. The death of that employee or beneficiary revokes the authority of the financial institution to credit the amount to the account of that individual. In the case of a check covering a payment to one employee or beneficiary, the proceeds of which cannot be credited to the account because of death or any other reason, the financial institution shall promptly return the check to the issuing disbursing officer or remit its own check in an equal amount, with a statement in either case identifying the reason therefor and the individual. In the case of a check covering payment to more than one employee or beneficiary, a portion of which cannot be credited to an account because of death or for any other reason, the financial institution shall promptly remit to the agency responsible for making payment a check in an amount equal to that portion which could not be properly credited to the account, with a statement identifying the individual and the reason for refund.

[38 FR 27521, Oct. 4, 1973. Redesignated at 49 FR 47002, Nov. 30, 1984, and amended at 50 FR 263, Jan. 3, 1985]

§ 209.9 Acquittance to the United States.

(a) A financial institution which receives checks under the procedure set out in §§ 209.3, 209.4 and 209.5 shall comply with the provisions of 31 CFR Part 240—Indorsement and Payment of Checks Drawn on the United States

Treasury, in particular 31 CFR 240.8.[1] A financial institution's endorsement shall constitute a guaranty of the continued existence of the beneficiary for whom it receives payment.

(b) Payment by the United States of a check drawn in favor of and properly endorsed by the financial institution designated by an employee or beneficiary to whom payment is to be made shall, if the check or accompanying record properly specifies that employee's or beneficiary's name and/or social security account number, constitute a full acquittance to the United States for the amount of such payment.

[38 FR 27521, Oct. 4, 1973. Redesignated at 49 FR 47002, Nov. 30, 1984, and amended at 50 FR 263, Jan. 3, 1985]

§ 209.10 Financial institution not government depositary.

A financial institution to which a check is drawn under the procedures set out in §§ 209.3, 209.4 and 209.5 does not thereby become a government depositary and shall not advertise itself as one because of that fact.

[38 FR 27521, Oct. 4, 1973. Redesignated at 49 FR 47002, Nov. 30, 1984, and amended at 50 FR 263, Jan. 3, 1985]

§ 209.11 Procedural instructions.

Procedural instructions for the guidance of agencies in the implementation of these regulations and a new form to request the remittance of recurring payments to financial institutions will be issued by the Commissioner of the Financial Management Service. The several forms presently in use to request remittance of the full amount of net pay to a financial institution, and the form presently used to request an allotment of pay for credit to a savings account with a financial institution (Standard Form No. 1198), will be continued.

[38 FR 27521, Oct. 4, 1973. Redesignated and amended at 49 FR 47001 and 47002, Nov. 30, 1984; 50 FR 263, Jan. 3, 1985]

PART 210—FEDERAL RECURRING PAYMENTS THROUGH FINANCIAL INSTITUTIONS BY MEANS OTHER THAN BY CHECK

Sec.

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AUTHORITY: 5 U.S.C. 301; 12 U.S.C. 391; Title 31, U.S.C., and other provisions of law.

EDITORIAL NOTE: For nomenclature changes to this part see 49 FR 48921, Dec. 17, 1984.

§ 210.1 Scope of regulations.

This part governs the making of recurring payments by the government, by means other than by check, through Federal Reserve Banks and financial institutions to recipients maintaining accounts at such financial institutions.

[40 FR 47492, Oct. 9, 1975, as amended at 50 FR 263, Jan. 3, 1985]

§ 210.2 Definitions.

As used in this part, unless the context otherwise requires:

(a) "Federal Reserve Bank" means any Head Office or Branch Office of any such Bank, acting as Fiscal Agent of the United States.

(b) "Financial institution" means any bank, savings bank, savings and loan association or similar institution, or Federal or State chartered credit union, which has affirmatively indicated to a Federal Reserve Bank its preparedness to receive credit payments under this part.

(c) "Government" means the government of the United States, the Department of the Treasury, a Federal disbursing office, and a program agency which has made arrangements with the Department of the Treasury to make payments under this part, or any of them.

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[1] EDITORIAL NOTE: Section 240.8 was redesignated as § 240.10 at 48 FR 49017, Oct. 24, 1984.

(d) "Credit payment" means an order for the payment of money issued by the government under this part to pay a recurring payment. A credit payment may be contained on:

(1) A letter, memorandum, telegram, computer print out or similar writing, or (2) any form of communication other than voice, which is registered upon magnetic tape, disc or any other medium designed to capture and contain in durable form conventional signals used for the electronic communication of messages.

(e) "Payment date" means the date specified for a credit payment. Such date is the date on which the funds specified in the credit payment are to be available for withdrawal from the recipient's account with the financial institution specified by such recipient, and on which such funds are to be made available to the financial institution by the Federal Reserve Bank with which the financial institution maintains or utilizes an account. If the payment date is not a business day for the financial institution receiving a credit payment, or for the Federal Reserve Bank from which it received such payment, then the next succeeding business day for both shall be deemed to be the payment date.

(f) "Recipient" means a person authorized by the government to receive recurring credit payments from the government. Recipient includes a person named by a program agency to receive credit payments for a beneficiary.

(g) "Beneficiary" means a person other than a recipient who is entitled to receive the benefit of all or part of a recurring payment from the government.

(h) "Recurring payment" means any Federal Government benefit, annuity, or other payment (or allotment therefrom), including any payment of salary, wages, or pay and allowances, which is made at regular intervals.

(i) "Program agency" means any agency which makes recurring payments, and includes any department, agency, independent establishment, board, office, commission or other establishment in the executive, legislative, or judicial branch of the government, any wholly-owned or controlled government corporation, and the municipal government of the District of Columbia.

(j) "Standard Authorization Form" means the authorization form prescribed by the Department of the Treasury for the recurring payment for execution by:

(1) A recipient, and (2) a financial institution maintaining an account for such recipient.

(k) "Account," "recipient's account," "designated account" and "appropriate account" mean the account specified on the Standard Authorization Form into which any credit payments shall be desposited. These definitions also include an account on which the financial institution has, after execution of a Standard Authorization Form, made changes to the account number or the type of account as authorized by § 210.4(h).

(l) Outstanding total: The sum of all credit payments received after death or legal incapacity, minus any amount returned to, or recovered by the government.

[40 FR 47492, Oct. 9, 1975, as amended at 49 FR 32067, Aug. 10, 1984; 49 FR 48921, Dec. 17, 1984; 50 FR 263, Jan. 3, 1985]

§ 210.3 Federal Reserve Banks.

(a) Each Federal Reserve Bank as Fiscal Agent of the United States shall receive credit payments from the government and shall make available and pay such credit payments to financial institutions, and shall otherwise carry out the procedures and conduct the operations contemplated under this part. Each Federal Reserve Bank may issue operating circulars (sometimes referred to as operating letters or bulletins) not inconsistent with this part, governing the details of its credit payment handling operation and containing such provisions as are required and permitted by this part.

(b) The government by its action of issuing and sending any credit payment contained in the media specified in § 210.2(d) hereof shall be deemed to authorize the Federal Reserve Banks:

(1) To pay such credit payment to the debit of the general account of the United States Treasury on the payment date, and (2) to handle and act upon such credit payment.

(c) Upon receipt of a credit payment, a Federal Reserve Bank shall, if the credit payment is directed to a financial institution which maintains or utilizes an account on the books of another Federal Reserve Bank, forward such credit payment to such other Federal Reserve Bank. The Federal Reserve Bank on whose books the financial institution or its designated correspondent maintains an account shall deliver or make available such credit payment to such financial institution not later than the close of business for such financial institution on the business day prior to the payment date on the medium as agreed to by such Federal Reserve Bank and financial institution.

(d) A financial institution by its action in maintaining or utilizing an account at a Federal Reserve Bank shall be deemed to authorize that Federal Reserve Bank to credit the amount of the credit payment to the account on its books of such financial institution or its designated correspondent maintaining an account with the Federal Reserve Bank.

(e) A Federal Reserve Bank receiving a credit payment from the government shall make the amount of such credit payment available for withdrawal from the account on its books, referred to in paragraph (d) of this section, at the opening of business on the payment date.

(f) Each Federal Reserve Bank shall be responsible only to the Department of the Treasury and shall not be liable to any other party for any loss resulting from such Federal Reserve Bank's actions under this part.

[40 FR 47492, Oct. 9, 1975, as amended at 50 FR 263, Jan. 3, 1985]

§ 210.4 Recipients.

(a) In order for a recipient to receive a recurring payment by means of direct deposit of the amounts of credit payments under this part, at a financial institution of the recipient's choosing and to an account the title of which includes the recipient's name, the recipient shall execute the applicable portion and deliver to such financial institution the Standard Authorization Form prescribed by the Department of the Treasury for such recurring payments. A recipient shall be responsible for any inaccuracy in the data entered by such recipient on such Standard Authorization Form.

(b) In executing a Standard Authorization Form, a recipient:

(1) Designates, the financial institution and the account on the books of such financial institution to which the amounts of the credit payments shall be credited, (2) is deemed to agree to the provisions of this part, and (3) authorizes the program agency to terminate any previously executed Standard Authorization Form or any other inconsistent payment instructions applicable to the relevant recurring payment.

(c) A recipient shall execute a separate Standard Authorization Form for each type of recurring payment made hereunder. If a recipient wishes to direct a recurring payment to a different account or financial institution, the recipient shall execute a new Standard Authorization Form.

(d) A recipient may at any time authorize the program agency to terminate a Standard Authorization Form by notifying such program agency.

(e) The death or legal incapacity of a recipient or the death of a beneficiary shall terminate a Standard Authorization Form issued with respect to a recurring payment.

(f) A recipient of a recurring payment may request only that a credit payment be in the full amount of such recurring payment and be credited to one account on the books of a financial institution. Except as authorized by law or other regulations, the procedures set forth in this part shall not be used for effectuating an assignment of a recurring payment.

(g) A recipient may be required by local law or by financial institution procedures to have the execution of a Standard Authorization Form notarized.

(h) A change in the title of an account on the books of a financial institution which:

(1) Removes the name of the recipient, (2) removes or adds the name of a beneficiary, or (3) alters the interest of the beneficiary in the account shall terminate any Standard Authorization Form in which that account is designated, and shall require the execution of a new Standard Authorization Form before further credit payments may be credited to that account.

A financial institution may change the account numbers or, at the request of the recipient, the type of the recipient's account without submitting a new Standard Authorization Form provided no change is made to the title of the account or the interest of the recipient or beneficiary in the account. These changes must be communicated to the government in accordance with implementing instructions issued by the government.

[40 FR 47492, Oct. 9, 1975, as amended at 49 FR 32067, Aug. 10, 1984; 50 FR 263, Jan. 3, 1985]

§ 210.5 Program agencies.

The program agency will maintain the data necessary for authorization of credit payments and shall make such data available for the issuance of such credit payments in sufficient time for the government, in performing its disbursing function, to carry out its responsibilities under this part. Such data shall be certified by the program agency's certifying officer in accordance with 31 U.S.C. 3528.

[40 FR 47492, Oct. 9, 1975, as amended at 49 FR 47002, Nov. 30, 1984]

§ 210.6 The government.

(a) In performance of its disbursing functions, the government will, in accordance with the provisions of this part, issue and direct credit payments to the Federal Reserve Bank on whose books the financial institution named therein maintains or utilizes an account in sufficient time for the Federal Reserve Bank to carry out its responsibilities under this part.

(b) Procedural instructions for the guidance of the government and Federal Reserve Banks in the implementation of these regulations will be issued by the Department of the Treasury.

[40 FR 47492, Oct. 9, 1975, as amended at 50 FR 263, Jan. 3, 1985]

§ 210.7 Financial institutions.

(a) A financial institution's execution of a Standard Authorization Form shall constitute its agreement to the terms of this part with respect to each credit payment received by it pursuant to such Standard Authorization Form. Regardless of whether it has executed a Standard Authorization Form, a financial institution's acceptance and handling of a credit payment issued pursuant to this part shall constitute its agreement to the provisions of this part.

(b) A financial institution in executing a Standard Authorization Form shall be responsible for:

(1) The completeness and accuracy of the data entered by it in its portion of the Standard Authorization Form, and (2) verifying that the depositor account number entered by the recipient on the Standard Authorization Form corresponds to an account bearing the name of the recipient.

(c) A financial institution wishing to terminate the agreement evidenced by a Standard Authorization Form shall do so by giving written notice to the recipient. Such termination shall become effective thirty days after the financial institution has sent such notice to the recipient.

(d) A financial institution receiving a credit payment shall credit the amount of such credit payment to the designated account of the recipient on its books, and it shall make such amount available for withdrawal or other use by recipient not later than the opening of business on the payment date. If the credit payments or any related documentation received by the financial institution from a Federal Reserve Bank do not balance, are incomplete, are clearly erroneous on their face, or are incapable of being processed, the financial institution, after assuring itself that neither it nor any of its agents is responsible, shall immediately notify such Federal Reserve Bank in order that it may deliver corrected material to such financial institution.

(e) A financial institution receiving a credit payment shall credit the amount of such credit payment to the account indicated by the depositor account number information specified in the credit payment. If the financial institution is unable to credit the amount of a credit payment to the account indicated by the depositor account number information in the credit payment because such an account does not exist on its books, or because in processing the credit payment it has reason to believe the account indicated by the depositor account number information in the credit payment is not the account designated by the recipient, it shall either:

(1) Return the credit payment to the Federal Reserve Bank with a statement identifying the reason therefor, or

(2) Credit the amount of the credit payment to the account designated by the recipient.

A credit to any other account by a financial institution will constitute a breach of its warranty made by reason of § 210.7(h).

(f) A financial institution shall promptly return to the government through the Federal Reserve Bank any relevant credit payment received by such financial institution:

(1) After termination of a Standard Authorization Form pursuant to § 210.4 (h) and before the execution of a new Standard Authorization Form;

(2) After termination of a Standard Authorization Form pursuant to § 210.7 (c) has become effective;

(3) After the death or legal incapacity of the recipient or death of the beneficiary; or

(4) After the closing of the recipient's account.

(g) A financial institution to which a credit payment is sent under this part does not thereby become a government depositary and shall not advertise itself as one because of that fact.

(h) If any change in account numbers permitted by § 210.4(h) is made by a financial institution, the financial institutions will be responsible to the recipient for any lost or late payment caused by the financial institution's actions in processing the change.

(i) Each financial institution by its action of handling a credit payment shall be deemed to warrant to the government that it has handled such credit payment in accordance with this part. In addition to the liability which may be imposed pursuant to § 210.9, if the foregoing warranty is breached, the financial institution shall indemnify the government for any loss sustained by the government, but only to the extent that such loss was the result of such breach. Except as provided in this section, and § 210.9, a financial institution shall not be liable under this part to any party for its handling of a credit payment.

[40 FR 47492, Oct. 9, 1975, as amended at 42 FR 10, Jan. 3, 1977; 49 FR 32067, Aug. 10, 1984; 50 FR 263, Jan. 3, 1985]

§ 210.8 Timeliness of action.

If, because of circumstances beyond its control, the government, a Federal Reserve Bank, or a financial institution shall be delayed beyond the applicable time limits (including the payment date) provided by this part the operating circulars of the Federal Reserve Banks, or applicable law in taking any action with respect to a credit payment, the time within which such action shall be completed shall be extended for such time after the cause of the delay ceases to operate as shall be necessary to take or complete the action: Provided, The government, the Federal Reserve Bank, or the financial institution exercises such diligence as the circumstances require.

[40 FR 47492, Oct. 9, 1975, as amended at 50 FR 263, Jan. 3, 1985]

§ 210.9 Death or legal incapacity of recipients or death of beneficiaries.

(a) A financial institution shall be liable to the government for the total amount of all credit payments received after the death or legal incapacity of the recipient or the death of the beneficiary. A financial institution may limit its liability if the financial institution did not have knowledge of the death or legal incapacity at the time of the deposit or withdrawal of any of the credit payments made after the death or legal incapacity, and if it fulfills the requirements referred to in paragraph (e) of this section.

(b) If limitation of liability is available to a financial institution under this part, the amount of its liability shall be:

(1) An amount equal to the amount in the recipient's or beneficiary's account as defined in § 210.10(b)(2)(i), plus

(2) An amount equal to the credit payments received by the financial institution within 45 days after the death or legal incapacity of the recipient or the death of the beneficiary; *Provided*, that the financial institution will only be liable for the 45-day amount to the extent described in § 210.10(d).

(c) Although a financial institution shall be liable for an amount equal to the amount in the recipient's or beneficiary's account, plus the amount of credit payments received within 45 days after the death or legal incapacity of the recipient or the death of the beneficiary, this part does not authorize or direct a financial institution to debit the account of any customer, living or deceased, including that of the recipient or beneficiary, for the financial institution's liability to the government under this part. The amount in the recipient's or beneficiary's account is only a measure of the financial institution's liability. Nothing in this part shall be construed to affect any right a financial institution may have under state law or the financial institution's contract with a customer to recover from the customer's account an amount returned to the government in compliance with this part.

(d) A financial institution shall be deemed to have knowledge of the death or legal incapacity of the recipient or beneficiary when it is brought to the attention of a financial institution employee who handles credit payments, or it would have been brought to that person's attention if the financial institution had exercised due diligence. The financial institution will be considered to have exercised due diligence only if it maintains procedures under which, once it learns of the death of a depositor, it determines whether its deceased depositor is a recipient or beneficiary of credit payments under this part, and immediately communicates such information to the appropriate employees, and it complies with such procedures. This does not impose a duty on a financial institution to learn of the deaths of its customers by searching obituaries or any other means, unless it does so for purposes other than its participation in the payment system governed by this part.

(e) A financial institution that fails to comply timely with the collection procedures set forth in § 210.10 of this part or the Notice to Account Owners requirement of § 210.11 of this part may not limit its liability in accordance with paragraph (a) of this section.

(f) A financial institution will not be liable under this part for credit payments made after the death of a beneficiary if the beneficiary was deceased at the time the recipient executed a Standard Authorization Form and if the financial institution had no knowledge of the beneficiary's death.

(g) A financial institution shall verify the identity of any person who signs a Standard Authorization Form and presents it to the financial institution for execution. The government shall verify the identity of any person who signs a Standard Authorization Form that is presented to the government and is not executed by a financial institution. A financial institution that executes a Standard Authorization Form on which the recipient's or beneficiary's signature is forged shall be liable to the government under this part for all credit payments made on the basis of such form. However, if the government fails to take corrective action after it has been notified that a payment has not been received by the correct recipient or beneficiary, the government shall be liable for any credit payments based on the forged Standard Authorization Form and made after the date of such notice.

[49 FR 48921, Dec. 17, 1984]

§ 210.10 Collection procedures.

The amount for which the financial institution is liable under § 210.9 shall be collected as follows:

(a) For each type of recurring credit payment, the government will send a

Notice of Reclamation form to the financial institution. The form will identify credit payments sent to the financial institution for credit to the account of a recipient or beneficiary which should have been returned by the financial institution because of the death or legal incapacity of a recipient or the death of a beneficiary.

(b) Upon receipt of the Notice of Reclamation, the financial institution must do one of the following:

(1) If the financial institution had knowledge of the death or legal incapacity and did not immediately return to the government all credit payments received after it acquired that knowledge, the financial institution shall immediately return to the government an amount equal to the outstanding total of credit payments listed on the notice form that it received after it learned of the death. With respect to any credit payments received prior to learning of the death that have not been returned, the financial institution shall certify on the Notice of Reclamation the date it learned of the death and follow the procedure in paragraph (b)(2) of this section.

(2) If the financial institution had no knowledge of the death or legal incapacity at the time any credit payments made after the death or legal incapacity were credited to the recipient's or beneficiary's account, an appropriate official of the financial institution shall certify on the Notice of Reclamation form that it had no knowledge of the death or legal incapacity and fully complete the form in accordance with its instructions and do the following:

(i) The financial institution shall return to the government both the executed Notice of Reclamation form and an amount equal to the amount in the account or the outstanding total, whichever is less. The amount in the account is the balance when the financial institution has received the Notice of Reclamation and has had a reasonable time to take action based on its receipt, plus any additions to the account balance made before the financial institution returns the completed Notice of Reclamation to the government. For the purposes of this paragraph, action is taken within a reasonable time if it is taken not later than the close of business on the business day following receipt of the Notice of Reclamation.

(ii) If the amount returned is less than the amount requested in the notice, the financial institution shall include with the form the name and the most current address on its records of any person(s) who withdrew funds from the account after the death or legal incapacity. If the financial institution is unable to supply the name(s) of the withdrawers(s), it shall provide the names and most current addresses on its records of any coowners of the account or other persons authorized to withdraw. If it is unable to supply the names or addresses of the withdrawers or coowners, it shall state the reason for its inability on the form.

(3) If the government issues a second or subsequent Notice of Reclamation for the same type of payment for the same recipient or beneficiary, the financial institution shall be liable with respect to such second or subsequent Notice only for an amount equal to the amount in the account at the time it receives a second or subsequent Notice of Reclamation, plus any further additions to the account balance up to the date it returns these subsequent Notices of Reclamation. For a second or subsequent Notice of Reclamation for the same type of payment for the same recipient or beneficiary, the financial institution shall not be liable for an amount in excess of the amount determined under the first sentence of this paragraph, attributable to credit payments received within 45 days after the death or legal incapacity if it complied properly and timely to the first Notice of Reclamation.

(c) If the government does not receive response to the Notice of Reclamation within 30 days it will issue a follow-up to ensure that the original Notice of Reclamation was received. If the government does not receive from the financial institution the fully completed and properly executed Notice of Reclamation form along with the amount due under § 210.9(b)(1) within sixty days of the date of Notice of Reclamation, the financial institution shall be liable for the outstanding total listed on the form. Following the sixtieth day after the date of the Notice of Reclamation, the government will instruct the appropriate Federal Reserve Bank to debit the account utilized by the financial institution for receipt of credit payments in the amount of the outstanding total. By receiving credit payments under this part, the financial institution is deemed to authorize this debit. The Federal Reserve Bank will provide advice of the debit to the financial institution.

(d) If the program agency is unable to collect the entire outstanding total from the withdrawer(s), the financial institution shall be liable for an additional amount equal to the credit payments received by it within 45 days after the death or legal incapacity, or the outstanding total, whichever is less. The government will instruct the appropriate Federal Reserve Bank to debit the account utilized by the financial institution for receipt of credit payments in the amount of the outstanding total. By receiving credit payments under this part, the financial institution is deemed to authorize this debit. The Federal Reserve Bank will provide advice of the debit to the financial institution.

(e) Immediately upon learning of the death or legal incapacity, regardless of whether there has been notification from the government, the financial institution shall return to the government any further credit payments it receives and notify the government that it has learned of the death or legal incapacity in order that the above collection procedures can be commenced. See § 210.7(f)(3).

[49 FR 48922, Dec. 17, 1984]

§ 210.11 Notice to account owners of collection action.

(a) Upon receipt by a financial institution of the Notice of Reclamation as described in § 210.10(a), the financial institution shall immediately mail to the current address(es) of the account owner(s) of record a copy of the Notice to Account Owners form included with the Notice of Reclamation.

(b) The financial institution shall indicate with the Notice to Account Owners any action it has taken or intends to take with respect to the recipient's or beneficiary's account in connection with the government's collection action against the financial institution.

(c) The financial institution is not authorized by this part to debit the account of any party or to deposit any funds from any account in a suspense account or escrow account or the equivalent. If such action is taken, it must be under authority of state law or the financial institution's contract with its depositor(s).

(d) The financial institution's liability under this part is not affected by any action taken or not taken by the financial institution to recover from any party its liability to the government.

(e) Failure to mail the Notice to Account Owners, or failure to certify on the Notice of Reclamation that it has done so, shall result in forfeiture by the financial institution of it ability under this part to limit its liability. See § 210.9(e).

[49 FR 48922, Dec. 17, 1984]

§ 210.12 Erroneous death information.

(a) In the event that the financial institution is advised that the government's information that the recipient or beneficiary is deceased is incorrect, or that the date of death is incorrect, the financial institution shall certify the correct information to the government by one of the following means:

(1) Certify on the "Notice of Reclamation" that the person whose name is reflected on the notice is alive, or that the date of death is incorrect, and that the financial institution took prudent measures to assure the person was alive or that the date of death was erroneous. Prudent measures to assure that the person was alive would include, but not be limited to, the person providing the financial institution adequate identification, or an individual other than the person providing a signed, dated and notarized statement from the person. Prudent measures to assure the correct date of death would include obtaining a death certificate.

(2) If there is any question regarding the sufficiency of the evidence pre-

sented to demonstrate that the date or fact of death is incorrect, the individual presenting the evidence should be referred by the financial institution to the agency making the payment, e.g., the Social Security Administration or the Veterans Administration. The agency will certify in writing to the financial institution the corrected information. The financial institution will return the agency's certification with the Notice of Reclamation.

(b) If the government's information that the person is dead is in error, upon receipt by the government, within sixty days of the date the government mailed the Notice of Reclamation to the financial institution, of an accurate certification in accordance with paragraph (a) of this section on or with a properly completed Notice of Reclamation, the financial institution will be relieved of its liability, and will no longer be subject to collection procedures under this part.

(c) If the date of death on the Notice of Reclamation is in error, upon receipt by the government, within sixty days of the date the government mailed the Notice of Reclamation to the financial institution, of an accurate certification in accordance with paragraph (a) of this section on or with a properly completed Notice of Reclamation, the financial institution will be relieved of an appropriate part of its liability. If the date of death is in error, the financial institution must adjust the outstanding total on the Notice of Reclamation to exclude credit payments made before the correct date of death. The financial institution must include an explanation of the adjustment with the Notice of Reclamation. If correction of an error to the date of death shown on the Notice of Reclamation would result in additional payments being due to the government, the financial institution shall so notify the government when it returns the Notice of Reclamation.

(d) If after the financial institution has returned to the government a completed Notice of Reclamation and has made payment of its liability, the financial institution learns that the fact of death or date of death was in error, it should bring the information to the attention of the agency which made the credit payments, e.g., the Social Security Administration or the Railroad Retirement Board. The agency will refund to the financial institution, without interest, the appropriate amount of funds paid by the financial institution pursuant to § 210.10, including funds debited from its Federal Reserve account under § 210.10 (b) or (c).

[49 FR 48923, Dec. 17, 1984]

§ 210.13 Liability of and acquittance to the United States.

(a) The United States shall be liable to a recipient for the failure to credit the proper amount of a recurring payment to the appropriate account of the recipient as required by this part. Such liability shall be limited to the amount of such recurring payment.

(b) The United States shall be liable to the financial institution, up to the amount of the credit payment, for a loss sustained by the financial institution as a result of its crediting the amount of the credit payment to the account specified in the credit payment, if the financial institution has handled such credit payment in accordance with this part. The foregoing does not extend to credit payments received by the financial institution after the death or legal incapacity of the recipient or death of the beneficiary, in which event § 210.9 shall govern.

(c) The crediting of the amount of a credit payment to the appropriate account of a recipient on the books of the appropriate financial institution shall constitute a full acquittance to the United States for the amount of such payment.

[40 FR 47492, Oct. 9, 1975. Redesignated at 42 FR 10, Jan. 3, 1977, and 49 FR 48922, Dec. 17, 1984]

PART 211—DELIVERY OF CHECKS AND WARRANTS TO ADDRESSES OUTSIDE THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS

Sec.

211.1 Withholding delivery of checks.
211.2 Claims for the release of withheld checks or for the proceeds thereof.
211.3 Exceptions.

Sec.
211.4 Implementing instructions.

AUTHORITY: 31 U.S.C. 127 and 5 U.S.C. 301.

§ 211.1 Withholding delivery of checks.

(a) It is hereby determined that postal, transportation or banking facilities in general, or local conditions in the People's Republic of Albania, the Republic of Cuba, Democratic Kampuchea, the Democratic People's Republic of Korea (North Korea), the Socialist Republic of Vietnam, the German Democratic Republic, and the Soviet Sector of Berlin, Germany, are such that there is not a reasonable assurance that a payee in those areas will actually receive checks or warrants drawn against funds of the United States, or agencies or instrumentalities thereof, and be able to negotiate the same for full value.

(b) A check or warrant intended for delivery in any of the areas named in paragraph (a) of this section shall be withheld unless the check or warrant is specifically released by the Secretary of the Treasury.

(c) Before a check or warrant drawn against funds blocked pursuant to the provisions of Executive Order No. 8389 (3 CFR, 1943 Cum. Supp.), as amended, and which remain blocked under the proviso clause of General License No. 101 of the Foreign Funds Control Regulations (31 CFR 520.101) may be released, it will be necessary for a license authorizing the release to be issued by the Department of the Treasury, Office of Foreign Assets Control, pursuant to E.O. 8389, as amended. In this regard, attention is also directed to the following regulations issued by the Secretary of the Treasury:

(1) The Foreign Assets Control Regulations issued on December 17, 1950 (31 CFR Part 500), pursuant to Executive Order 9193 (3 CFR, 1943 Cum. Supp.), which prohibit transactions involving payments to nationals of the Democratic People's Republic of Korea (North Korea), the Socialist Republic of Vietnam, and Democratic Kampuchea, except to the extent that any such payments have been authorized by appropriate license, (2) the Cuban Assets Control Regulations issued on July 8, 1963 (31 CFR Part 515), pursuant to the same authority, which prohibit similar transactions with nationals of Cuba unless licensed, and (3) the Iranian Assets Control Regulations issued on November 14, 1979 (31 CFR Part 535), as amended on April 17, 1980, pursuant to Executive Orders 12170 and 12211, which prohibit transactions in property of the Iranian Government or its instrumentalities and transfers of funds to persons in Iran, except as authorized by appropriate license.

(d) Powers of attorney for the receipt or collection of checks or warrants or for the proceeds of checks or warrants included within the determination of the Secretary of the Treasury set forth in paragraph (a) of this section will not be recognized.

[41 FR 15847, Apr. 15, 1976, as amended at 44 FR 51568, Sept. 4, 1979; 45 FR 47678, July 16, 1980]

§ 211.2 Claims for the release of withheld checks or for the proceeds thereof.

Claims for the release of checks or warrants withheld from delivery or for the proceeds thereof, shall be filed with the administrative agency which would have originally authorized such issuance, e.g., claims arising out of checks or warrants representing payments under laws administered by the Veterans Administration shall be filed with the Administrator of Veterans Affairs, Veterans Administration, Washington, DC 20420.

[41 FR 15847, Apr. 15, 1976]

§ 211.3 Exceptions.

The regulations of this part do not apply to payments to foreign governments, nor to checks or warrants issued in payment of salaries or wages, or for goods or services purchased by the Government of the United States in foreign countries, unless such payments are subject to the Foreign Funds Control Regulations (31 CFR Part 520), the Foreign Assets Control Regulations (31 CFR Part 500), the Cuban Assets Control Regulations (31 CFR Part 515), or the Iranian Assets Control Regulations (31 CFR Part 535).

[45 FR 47678, July 16, 1980]

§ 211.4 Implementing instructions.

Implementing instructions will be issued in Part IV, "Disbursing," of the *Treasury Fiscal Requirements Manual for Guidance of Departments and Agencies.*

[41 FR 15847, Apr. 15, 1976]

PART 214—DEPOSITARIES FOR FEDERAL TAXES

Sec.

214.1 Scope of regulations.
214.2 Definitions.
214.3 Designation.
214.4 Depositary Contract.
214.5 Termination of contract.
214.6 Deposits of Federal taxes with depositaries.
214.7 Deposits of Federal taxes with Federal Reserve Banks.
214.8 Additional instructions.
214.9 Effective date.

AUTHORITY: Sec. 10, 56 Stat. 356, as amended (12 U.S.C. 265); sec. 15, 38 Stat. 265 (12 U.S.C. 391); sec. 8, 40 Stat. 291, as amended (31 U.S.C. 771); sec. 6302(c), Internal Revenue Code of 1954, as amended; secs. 1, 2 and 3, Pub. L. 95-147, 91 Stat. 1227 (31 U.S.C. 1038).

SOURCE: 43 FR 18970, May 2, 1978, unless otherwise noted.

§ 214.1 Scope of regulations.

The regulations in this revision of this part govern the designation of financial institutions as depositaries for Federal taxes and the handling of deposits of Federal taxes by such depositaries and by Federal Reserve Banks.

§ 214.2 Definitions.

As used in this part:

(a) "Depositary" means a depositary for Federal taxes.

(b) "Federal Reserve Bank of the district" means the Federal Reserve Bank serving the geographical area in which the financial institution is located. For this purpose, depositaries located in Puerto Rico, the Virgin Islands and the Panama Canal Zone are included in the Second Federal Reserve District.

(c) "Federal tax deposit form" means a preinscribed form supplied to a taxpayer by the Treasury Department to accompany deposits of Federal taxes made under the procedure prescribed by this part.

(d) "Federal taxes" means those Federal taxes specified by the Secretary of the Treasury or the Secretary's delegate as eligible for payment through the procedure prescribed by this part.

(e) "Immediate credit item" means a check or other payment instrument for which immediate credit is given in accordance with the check collection schedule of the receiving Federal Reserve Bank or Branch of the district.

(f) "Qualified depositary for Federal taxes" means a previously designated depositary for Federal taxes that, at the close of business on July 5, 1978, was qualified by the Federal Reserve Bank of the district under the provisions of the former Part 214 of this chapter.

§ 214.3 Designation.

(a) *Previously designated depositaries.* (1) The designation of each qualified depositary for Federal taxes which, at the close of business on July 5, 1978, was authorized to maintain a Treasury tax and loan account under the provisions of the former Part 203 of this chapter is hereby extended. The agreements under which they were heretofore authorized as Special Depositaries of Public Money are continued in effect without further action, but subject to the provisions of the current Part 203 of this chapter.

(b) *New designations*—(1) *Eligibility.* Each financial institution designated as a Treasury tax and loan depositary under the provisions of Part 203 of this chapter is eligible for designation as a depositary for Federal taxes.

(2) *Application for designation.* Any eligible financial institution seeking designation as a depositary for Federal taxes shall file with the Federal Reserve Bank of the district an "Offer to Contract and Application" accompanied by a resolution of its Board of Directors authorizing the "Offer to Contract and Application," both on forms preinscribed by and available on request from the Federal Reserve Bank. Any financial institution not already designated as a Treasury tax and loan depositary may make simultaneous ap-

plication with the Federal Reserve Bank for such designation as provided in § 203.3 of this part.

(3) *Designations.* Each financial institution satisfying the eligibility requirements and the application procedures will receive from the Federal Reserve Bank of the district notification of its specific designation as a depositary for Federal taxes.

§ 214.4 Depositary Contract.

The designation of a depositary under this part creates a contract between the depositary and the Treasury Department, acting through the Federal Reserve Bank as Fiscal Agent of the United States. The terms of this contract include:

(a) All of the provisions of this part except § 214.7.

(b) Any instructions issued pursuant to this part by the Treasury or by Federal Reserve Banks as Fiscal Agents of the United States.

(c) The provisions prescribed in section 202 of Executive Order 11246, entitled "Equal Employment Opportunity" (30 FR 12319) as amended by Executive Order 11375, entitled "Equal Employment Opportunity Clause."

(d) The requirements of section 503 of the Rehabilitation Act of 1973, 29 U.S.C. 793, and the regulations issued thereunder at 20 CFR Part 741,[1] which are incorporated herein by reference, requiring Government contractors to take affirmative action to employ qualified handicapped individuals, except that depositaries which under this part receive on an annual basis fee payments of less than $2,500 are exempt from compliance with these regulations.

(e) The requirements of section 503 of the Veterans Employment and Re adjustment Act of 1972, 38 U.S.C. 2012, Executive Order 11701, and the regulations issued thereunder at 41 CFR Subpart 1-12.11, which are incorporated herein by reference, for the promotion of employment of disabled and Vietnam era veterans, except that depositaries which under this part receive on an annual basis fee payments of less than $10,000 are exempt from compliance with these regulations.

§ 214.5 Termination of contract.

(a) *By Treasury.* The Secretary of the Treasury may terminate the contract with any depositary at any time upon notice to that effect to be effective at a prospective date set forth in the notice.

(b) *By depositary.* A depositary may terminate its depositary contract by submitting a notice to that effect, in writing, to the Federal Reserve Bank of the district effective at a prospective date set forth in the notice.

§ 214.6 Deposits of Federal taxes with depositaries.

(a) *Deposits with depositaries.* A depositary shall, through any of its offices that accept deposits:

(1) Accept from a taxpayer cash, a postal money order drawn to the order of the depositary, or a check or draft drawn on and to the order of the depositary, covering an amount to be deposited as Federal taxes when accompanied by a Federal tax deposit form on which the amount of the deposit has been properly entered in the space provided. A depositary may at its discretion accept a check drawn on another financial institution, but it does so purely on a voluntary basis and absorbs for its own account any float involved.

(2) When requested to do so by a taxpayer who makes a deposit of Federal taxes in cash over the counter, issue a counter receipt.

(3) Regardless of the form of payment, in every instance place in the space provided on the face of each Federal tax deposit form a stamp impression reflecting the date on which the tax deposit was received by the depositary, by reference to which the timeliness of the tax payment will be determined, and the name and location of the depositary.

(4) Credit on the date of receipt all deposits of Federal taxes to the treasury tax and loan account and administer that account pursuant to the provisions of Part 203 of this chapter.

(5) Forward each day to the Internal Revenue Service Center servicing the

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[1] EDITORIAL NOTE: 20 CFR Part 741 was redesignated as 41 CFR Part 60-741, at 41 FR 16147, Apr. 16, 1976.

geographical area in which the depositary is located, the Federal tax deposit forms for all tax deposits received that day. Each submission of deposit information shall be on the prescribed Treasury form and in the aggregate amount of the Federal tax deposit forms.

(6) Establish, prior to transmittal to the Internal Revenue Service Center, an adequate record of all deposits of Federal taxes so that it will be able to identify deposits in the event tax deposit forms are lost in shipment between it and the Internal Revenue Service Center. For this purpose, a record shall be made of each deposit showing as a minimum the date of deposit, the taxpayer's identifying number, and the amount of the deposit. The depositary's copies of transmittal letters may be used to provide the necessary information if individual deposits are listed separately showing date, taxpayer's identifying number, and amount.

(7) Not accept compensation from taxpayers for accepting deposits of Federal taxes and handling them as required by this section.

(b) *Compensation for services.* The Treasury will compensate depositaries for Federal taxes at a uniform fee of 50 cents for each Federal tax deposit form forwarded by the depositary and processed by the Internal Revenue Service Center. This fee covers the bookkeeping costs of maintaining the Treasury tax and loan account as well as the handling of Federal tax deposits. Fees payable may be reduced by the analysis credits described in § 203.14 of this chapter.

§ 214.7 Deposits of Federal taxes with Federal Reserve Banks.

A Federal Reserve Bank shall, through any of its offices:

(a) Accept a tax deposit directly from a taxpayer when such tax deposit is:

(1) Mailed or delivered by a taxpayer located within that Bank's territorial boundaries; and

(2) In the form of cash, a check drawn to the order of that Bank and considered to be an immediate credit item by that Bank, a postal money order drawn to the order of that Bank, or Treasury bills, as authorized in Part 309 of this chapter, covering an amount to be deposited as Federal taxes; and,

(3) Accompanied by a Federal tax deposit form on which the amount of the tax deposit has been properly entered in the space provided.

(b) When requested to do so by a taxpayer who makes a deposit of Federal taxes in cash over the counter, issue a counter receipt.

(c) When a deposit of Federal taxes is made in accordance with the requirements of paragraph (a) of this section, a Bank shall place in the space provided on the face of each Federal tax deposit form accepted directly from a taxpayer, a stamp impression reflecting the name of the Bank and the date on which the tax deposit was received by the Bank so that the timeliness of the Federal tax payment can be determined. However, if such a deposit is mailed to a Bank, it shall be subject to the "Timely mailing treated as timely filing and paying" clause of section 7502 of the Internal Revenue Code (26 U.S.C. 7502).

(d) When a deposit of Federal taxes is not in accordance with the requirements governing form of payment set forth in paragraph (a) of this section, a Bank shall place in the space provided on the face of each Federal tax deposit form a stamp impression reflecting the name of the Bank and the date on which the proceeds of the accompanying payment instrument are collected by the Bank. This date shall be used for the purpose of determining the timeliness of the Federal tax payment.

§ 214.8 Additional instructions.

Federal Reserve Banks are authorized to issue instructions consistent with these regulations for carrying out the requirements of this part.

§ 214.9 Effective date.

This revision of this part is effective November 2, 1978.

[43 FR 47506, Oct. 16, 1978]

PART 215—WITHHOLDING OF DISTRICT OF COLUMBIA, STATE, CITY AND COUNTY INCOME OR EMPLOYMENT TAXES BY FEDERAL AGENCIES

Subpart A—General Information

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215.1 Scope of part.
215.2 Definitions.

Subpart B—Procedures

215.3 Relationship of Standard Agreement to existing agreements.
215.4 Procedures for entering into a Standard Agreement.
215.5. Procedures for an agreement other than a Standard Agreement.

Subpart C—Standard Agreement

215.6 In general.
215.7 Parties.
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215.9 Withholding certificates.
215.10 Change of legal residence by members of the Armed Forces.
215.11 Agency withholding procedures.
215.12 Miscellaneous provisions.
215.13 Supersession, amendment and termination provisions.

AUTHORITY: 5 U.S.C. 5516, 5517, and 5520 and section 4 of Executive Order 11997, June 22, 1977 (42 FR 31759).

SOURCE: 42 FR 33731, July 1, 1977, unless otherwise noted.

Subpart A—General Information

§ 215.1 Scope of part.

This part relates to agreements between the Secretary of the Treasury and States (including the District of Columbia), cities or counties for withholding of State, city or county income or employment taxes from the compensation of civilian Federal employees, and for the withholding of State income taxes from the compensation of members of the Armed Forces. Subpart A contains general information and definitions. Subpart B prescribes the procedures to be followed in entering into an agreement for the withholding of State, city or county income or employment taxes. Subpart C is the Standard Agreement which the Secretary will enter into with any State, city or county which qualifies to have tax withheld. Requests for deviations from this Standard Agreement will be agreed to by the Secretary only if the State, city or county's unique circumstances require it.

§ 215.2 Definitions.

As used in this part:

(a) "Agency" means each of the executive agencies and military departments (as defined in 5 U.S.C. 105 and 102, respectively) and the United States Postal Service; and in addition, for city or county withholding purposes only, all elements of the judicial branch.

(b) "City" means any unit of general local government.

(1) Which: (A) Is classified as a municipality by the United States Bureau of the Census, or

(B) Is a town or township which, in the determination of the Secretary of the Treasury,

(i) Possesses powers and performs functions comparable to those associated with municipalities,

(ii) Is closely settled, and

(iii) Contains within its boundaries no incorporated places as defined by the United States Bureau of the Census; and

(2) Within the political boundaries of which five hundred or more persons are regularly employed by all agencies of the Federal Government.

(c) "City income or employment taxes" means any form of tax for which, under a city ordinance:

(1) Collection is provided by imposing on employers generally the duty of withholding sums from the pay of employees and making returns of the sums to a designated city officer, department, or instrumentality; and

(2) The duty to withhold generally is imposed on the payment of compensation earned within the jurisdiction of the city in the case of employees whose regular place of employment is within such jurisdiction. Whether the tax is described as an income, wage, payroll, earnings, occupational license, or otherwise, is immaterial.

(d) "Compensation" as applied to employees of an agency and members of the Armed Forces means "wages" as defined in 26 U.S.C. 3401(a) and regulations issued thereunder.

(e) "County" means any unit of local general Government which is classified as a county by the Bureau of the Census and within the political boundaries of which 500 or more persons are regularly employed by all agencies of the Federal Government.

(f) "County income or employment taxes" means any form of tax for which, under a county ordinance:

(1) Collection is provided by imposing on employers generally the duty of withholding sums from the pay of employees and making returns of the sums to a designated county officer, department, or instrumentality; and (2) the duty to withhold generally is imposed on the payment of compensation earned within the jurisdiction of the country in the case of employees whose regular place of employment is within such jurisdiction. Whether the tax is described as an income, wage, payroll, earnings, occupational license, or otherwise, is immaterial.

(g) "District of Columbia income tax" means the income tax imposed under 47 District of Columbia Code, Chapter 15, Subchapter II.

(h)(1) "Employees" for purposes of State, City and county income or employment tax withholding, means all employees of an agency, other than members of the Armed Forces. The term does not include retired personnel, pensioners, annuitants, or similar beneficiaries of the Federal Government, who are not performing active civilian service of persons receiving remuneration for services on a contract-fee basis.

(2) "Employees" for purposes of District of Columbia income tax withholding, means employees as defined in 47 District of Columbia Code 1551c(z).

(i) "Members of the Armed Forces" means all individuals in active duty status (as defined in 10 U.S.C. 101(22)) in regular and reserve components of the Army, Navy, Air Force, Marine Corps and Coast Guard, except members of the National Guard while participating in exercises or performing duty under 32 U.S.C. 502, and members of the Ready Reserve while participating in scheduled drills or training periods or serving on active duty for training under 10 U.S.C. 270(a).

(j) "Ordinance" means an ordinance, order, resolution, or similar instrument which is duly adopted and approved by a city or county in accordance with the constitution and statutes of the state in which it is located and which has the force of law within such city or county.

(k) "Regular place of Federal employment" means the official duty station, or other place, where an employee actually and normally (i.e., other than in a travel or temporary duty status) performs services, irrespective of residence.

(l) "Secretary" means Secretary of the Treasury and Fiscal Assistant Secretary or his designee.

(m) "State" means a State of the United States or the District of Columbia, unless otherwise specified.

(n) "State income tax" means any form of tax for which, under a State status:

(1) Collection is provided, either by imposing on employers generally the duty of withholding sums from the compensation of employees and making returns of such sums to the State or by granting to employers generally the authority to withhold sums from the compensation of employees, if any employee voluntarily elects to have such sums withheld; and

(2) The duty to withhold generally is imposed, or the authority to withhold generally is granted, with respect to the compensation of employees who are residents of such State.

Subpart B—Procedures

§ 215.3 Relationship of Standard Agreement to existing agreements.

(a) Subpart C of this part is the Standard Agreement which the Secretary will enter into with a State, city or county. This Standard Agreement replaces all prior agreements between the Secretary and the State or city covering the withholding of income or employment taxes from the compensation of Federal employees. The Standard Agreement is essentially the same as the prior agreements. A State of city which currently is a party to an agreement with the Secretary covering the withholding of income or employment taxes from the compensation of Federal employees does not need to apply for a new agreement under this part. A State or city currently a party to an agreement will be presumed to have consented to be bound by the terms of the Standard Agreement (Subpart C). If a State or city, which is currently a party, does not want to be bound by the Standard Agreement, it shall notify the Fiscal Assistant Secretary, Department of the Treasury, Washington, DC 20220, in writing over the signature of an officer authorized to bind contractually the State or city within 90 days of the effective date of this part. The procedures of § 215.5 shall be followed by a State or city which proposes to be bound by an agreement other than the Standard Agreement.

(b) The effective date for the replacement of existing State or city Standard Agreements by the Standard Agreement appearing as Subpart C of this part is the effective date of this part. For current other-than-Standard-Agreements, it is 120 days after the effective date of this part unless an earlier effective date is specifically agreed to or a new agreement which is other than the Standard Agreement of Subpart C, is entered into as provided in this subpart.

§ 215.4 Procedures for entering into a Standard Agreement.

(a) A State, city or county which does not have an existing agreement and wishes to enter into a Standard Agreement shall indicate in a letter its agreement to be bound by the provisions of Subpart C. The letter shall be addressed to the Fiscal Assistant Secretary, Department of the Treasury, Washington, DC 20220, and be signed by an officer authorized to bind contractually the State, city or county. Copies of all applicable State laws, city or county ordinances and implementing regulations, instructions, and forms shall be enclosed. The letter shall also indicate the title and address of the official whom Federal agencies may contact to obtain forms and other information necessary to implement withholding.

(b) Within 120 days of the receipt of the letter from the State, city or county official, the Fiscal Assistant Secretary will, by letter, notify the State, city or county:

(1) That the Standard Agreement has been entered into as of the date of the Fiscal Assistant Secretary's letter, or (2) that an agreement cannot be entered into with the State, city or county and the reasons for that determination. The withholding of the State, city or county income or employment tax shall commence within 90 days after the effective date of the agreement.

§ 215.5 Procedures for an agreement other than a Standard Agreement.

(a) If a State, city or county proposes an agreement which varies from the Standard Agreement, the State, city or county shall follow the procedure in § 215.4(a), except that its letter shall indicate which provisions of the Standard Agreement are not acceptable and the basis therefor, and propose substitute provisions.

(b) Within 60 days of the receipt of the letter from the State, city or county official, the Fiscal Assistant Secretary will notify the State, city or county which substitute provisions may be included in the agreement. The State, city or county shall, by letter, notify the Fiscal Assistant Secretary if it accepts such an agreement. When accepted by the State, city or county the effective date of that agreement shall be the date such acceptance letter is received by the Fiscal Assistant Secretary. The withholding of the State, city or county income or employment tax shall commence within 90 days after the effective date of the agreement.

Subpart C—Standard Agreement

§ 215.6 In general.

This subpart is the text of the Standard Agreement between the Secretary and the State, city or county. The terms used in this agreement are defined in § 215.2 of this part.

AVAILABLE

§ 215.7 Parties.

The parties to this agreement are the Secretary and the State, city or county which has entered into this agreement pursuant to 5 U.S.C. 5516, 5517, or 5520 and Executive Order 11997 (June 22, 1977).

§ 215.8 Compliance by agencies.

(a) In the case of an agreement with a State, the head of each agency is required to withhold State income taxes from the compensation of:

(1) Employees of such agency who are subject to such taxes and whose regular place of Federal employment is within the State, and (2) members of the Armed Forces who are subject to such taxes and who are legal residents of the State. The foregoing is also applicable with respect to a State whose statutes permit but do not require withholding by employers, provided the employee voluntarily elects to have such tax withheld.

(b) In the case of an agreement with a city or county, the head of each agency is required to withhold city or county income or employment taxes from the compensation of any employee of the agency who is subject to the tax, and

(1) Whose regular place of Federal employment is within the city or county, or

(2) Is a resident of the city or county.

(c) In withholding taxes, the head of each agency, except as otherwise provided in this agreement, shall comply with the withholding provisions of the State, city or county income or employment tax statute, regulations, procedural instructions and reciprocal agreements related thereto.

(Pub. L. 95-365, 92 Stat. 590 (5 U.S.C. 5520))

[42 FR 33731, July 1, 1977, as amended at 44 FR 4670, Jan. 23, 1979]

§ 215.9 Withholding certificates.

Each agency may require employees or members of the Armed Forces under its jurisdiction to complete a withholding certificate in order to calculate the amount to be withheld. The agency shall use the withholding certificate which the State, city or county has prescribed. Where the State, city or county has not prescribed a certificate, the agency may use a certificate approved by the Department of the Treasury. The agency may rely on the information in the certificate. Copies of completed certificates shall be provided to the taxing authority by agencies upon request.

§ 215.10 Change of legal residence by members of the Armed Forces.

(a) In determining the legal residence of a member of the Armed Forces for tax withholding purposes, the head of an agency at all times may rely on the agency's current records, which may include a certificate of legal residence. The form of the certificate of legal residence shall be approved by the Department of the Treasury. A change of legal residence of a member of the Armed Forces shall become effective for tax withholding purposes only after a member of the Armed Forces completes a certificate indicating a new legal residence and delivers it to the agency.

(b) Heads of agencies shall notify the State of prior legal residence of the member of the Armed Forces involved on a monthly basis concerning the change of the member's legal residence. The notification shall include the name, social security number, current mailing address and the new legal residence of such member of the Armed Forces. The effective date of the change in legal residence shall also be included in the notification.

§ 215.11 Agency withholding procedures.

(a) State income tax shall be withheld only on the entire compensation of Federal employees and members of the Armed Forces. Nonresident employees, who under the State income tax law are required to allocate at least three-fourths of their compensation to the State, shall be subject to withholding on their entire compensation. Nonresident employees, who under the State income tax law are required to allocate less than three-fourths of their compensation to the State, may elect to:

(1) Have State income tax withheld on their entire compensation, or

(2) Have no income tax withheld on their compensation.

(b) In calculating the amount to be withheld from an employee's or a member's compensation, each agency shall use the method prescribed by the State income tax statute or city or county ordinance or a method which produces approximately the tax required to be withheld:

(1) By the State income tax statute from the compensation of each employee or member of the Armed Forces subject to such income tax, or (2) by the city or county ordinance from the compensation of each employee subject to such income or employment tax.

(c) Where it is the practice of a Federal agency under Federal tax withholding procedure to make returns and payment of the tax on an estimated basis, subject to later adjustment based on audited figures, this practice may be applied with respect to the State, city of county income or employment tax where the agency has made appropriate arrangements with the State, city or county income tax authorities.

(d) Copies of Federal Form W-2, "Wage and Tax Statement", may be used for reporting withheld taxes to the State, city or county.

(e) Withholding shall not be required on wages earned but unpaid at the date of an employee's or member's death.

(f) Withholding of District of Columbia income tax shall not apply to pay of employees who are not residents of the District of Columbia as defined in 47 District of Columbia Code, Chapter 15, Subchapter II.

§ 215.12 Miscellaneous provisions.

Nothing in this agreement shall be deemed:

(a) To require collection by agencies of the United States of delinquent tax liabilities of Federal employees or members of the Armed Forces, or

(b) To consent to the application of any provision of law of the State, city or county which has the effect of:

(1) Imposing more burdensome requirements upon the United States than it imposes on other employers, or (2) subjecting the United States or any of its officers or employees to any penalty or liability, or

(c) To consent to procedures for withholding, filing of returns, and payment of the withheld taxes to a State, city or county that do not conform to the usual fiscal practices of agencies, or

(d) To permit withholding of a city or county tax from the pay of a Federal employee who is not a resident of, or whose regular place of Federal employment is not within, the State in which the city or county is located, unless the employee consents to the withholding, or

(e) To permit the withholding of city or county income or employment taxes from the pay of members of the Armed Forces of the United States, or

(f) To allow agencies to accept compensation from a State, city or county for services performed in withholding of State or city or county income or employment taxes.

(Pub. L. 95-365, 92 Stat. 599 (5 U.S.C. 5520))

[42 FR 33731, July 1, 1977, as amended at 44 FR 4670, Jan. 23, 1979]

§ 215.13 Supersession, amendment and termination provisions.

(a) This agreement supersedes any prior agreement between the Secretary of the Treasury and a State or city pursuant to 5 U.S.C. 5516, 5517, or 5520.

(b) This agreement shall be subject to any amendment of 5 U.S.C. 5516, 5517, 5520 or Executive Order No. 11997, and any rules and regulations issued prusuant to them and amendments thereto.

(c) This agreement may be terminated as to a specific State or city or county which is a party to this agreement by providing written notice to that effect to the Secretary at least 90 days prior to the proposed termination.

PART 223—SURETY COMPANIES DOING BUSINESS WITH THE UNITED STATES

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223.2 Application for certificate of authority.

Sec.
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AUTHORITY: 80 Stat. 379; 5 U.S.C. 301; 6 U.S.C. 8.

§ 223.1 Certificate of authority.

The regulations in this part will govern the issuance by the Secretary of the Treasury of certificates of authority to bonding companies to do business with the United States as sureties on, or reinsurers of, recognizances, stipulations, bonds, and undertakings, hereinafter sometimes called obligations, under the provisions of the Act of July 30, 1947 (61 Stat. 646, as amended; 6 U.S.C. 6-13), and the acceptance of such obligations from such companies so long as they continue to hold said certificates of authority.

[Dept. Circ. 297, Supp. 5, 28 FR 1039, Feb. 2, 1963, as amended at 40 FR 6499, Feb. 12, 1975; 40 FR 8335, Feb. 27, 1975]

§ 223.2 Application for certificate of authority.

Every company wishing to apply for a certificate of authority shall address the Assistant Commissioner, Comptroller, Financial Management Service, U.S. Department of Treasury, Washington, DC 20226, who will notify the company of the data which the Secretary of the Treasury determines from time to time to be necessary to make application. In accord with 6 U.S.C. 8 the data will include a copy of the applicant's charter or articles of incorporation and a statement, signed and sworn to by its president and secretary, showing its assets and liabilities. A fee shall be transmitted with the application in accordance with the provisions of § 223.22(a)(i).

[34 FR 20188, Dec. 24, 1969, as amended at 37 FR 1232, Jan. 27, 1972; 40 FR 6499, Feb. 12, 1975; 43 FR 12673, Mar. 27, 1978; 49 FR 47002, Nov. 30, 1984]

§ 223.3 Issuance of certificates of authority.

(a) If, from the evidence submitted in the manner and form herein required, subject to the guidelines referred to in § 223.9 the Secretary of the Treasury shall be satisfied that such company has authority under its charter or articles of incorporation to do the business provided for by the Act referred to in § 223.1, and if the Secretary of the Treasury shall be satisfied from such company's financial statement and from any further evidence or information he may require, and from such examination of the company, at its own expense, as he may cause to be made, that such company has a capital fully paid up in cash of not less than $250,000, is solvent and financially and otherwise qualified to do the business provided for in said Act, and is able to keep and perform its contracts, he will, subject to the further conditions herein contained, issue a certificate of authority to such company, under the seal of the Treasury Department, to qualify as surety on obligations permitted or required by the laws of the United States to be given with one or more sureties, for a term expiring on the last day of June next following. The certificate of authority shall be renewed annually on the first day of July, so long as the company remains qualified under the law and the regulations in this part, and transmits to the Assistant Commissioner, Comptroller by March 1 each year the fee in accordance with the provisions of § 223.22(a)(3).

(b) If a company meets the requirements for a certificate of authority as an acceptable surety on Federal bonds in all respects except that it is a United States branch of a company not incorporated under the laws of the United States or of any State, or it is limited by its articles of incorporation or corporate charter to reinsure business only, it may be issued a certificate of authority as a reinsuring company on Federal bonds. The fees for initial application and renewal of a certificate as a reinsuring company shall be the same as the fees for a certificate of authority as an acceptable surety on Federal bonds.

[Dept. Circ. 297, Supp. 6, 33 FR 8390, June 6, 1968, as amended at 34 FR 20188, Dec. 24, 1969; 37 FR 1232, Jan. 27, 1972; 40 FR 6499 Feb. 12, 1975; 40 FR 8335, Feb. 27, 1975; 42 FR 8637, Feb. 11, 1977; 43 FR 12678, Mar. 27, 1978; 43 FR 39089, Sept. 1, 1978; 49 FR 47002, Nov. 30, 1984]

§ 223.4 Deposits.

No such company will be granted authority to do business under the provisions of the act referred to in § 223.1 unless it shall have and maintain on deposit with the Insurance Commissioner, or other proper financial officer, of the State in which it is incorporated, or of any other State of the United States, for the protection of claimants, including all its policyholders in the United States, legal investments having a current market value of not less than $100,000.

[36 FR 9630, May 27, 1971]

§ 223.5 Business.

(a) The company must engage in the business of suretyship whether or not also making contracts in other classes of insurance, but shall not be engaged in any type or class of business not authorized by its charter or the laws of the State in which the company is incorporated. It must be the intention of the company to engage actively in the execution of surety bonds in favor of the United States.

(b) No bond is acceptable if it has been executed (signed and/or otherwise validated) by a company or its agent in a State where it has not obtained that State's license to do surety business. Although a company must be licensed in the State or other area in which it executes a bond, it need not be licensed in the State or other area in which the principal resides or where the contract is to be performed. The term "other area" includes the Canal Zone, District of Columbia, Guam, Puerto Rico, and the Virgin Islands.

[40 FR 6499, Feb. 12, 1975]

§ 223.6 Requirements applicable to surety companies.

Every company now or hereafter authorized to do business under the act of Congress referred to in § 223.1 shall be subject to the regulations contained in this part.

[Dept. Circ. 297, Rev., 38 FR 22779, Aug. 24, 1973]

§ 223.7 Investment of capital and assets.

The cash capital and other funds of every such company must be safely invested in accordance with the laws of the State in which it is incorporated and will be valued on the basis set forth in § 223.9. The Secretary of the Treasury will periodically issue instructions for the guidance of companies with respect to investments and other matters. These guidelines may be updated from time to time to meet changing conditions in the industry.

[42 FR 8637, Feb. 11, 1977]

§ 223.8 Financial reports.

(a) Every such company will be required to file with the Assistant Commissioner, Comptroller on or before the last day of January of each year, a statement of its financial condition made up as of the close of the preceding calendar year upon the annual statement blank adopted by the National Association of Insurance Commissioners, signed and sworn to by its president and secretary.

On or before the last days of April, July and October of each year, every such company shall file a financial statement with the Assistant Commissioner, Comptroller as of the last day of the preceding month. A form is prescribed by the Treasury for this purpose. The quarterly statement form of the National Association of Insurance Commissioners when modified to conform to the Treasury's requirements, may be substituted for the Treasury's form. The quarterly statement will be signed and sworn to by the company's president and secretary or their authorized designees.

(b) Every such company shall furnish such other exhibits or information, and in such manner as the Secretary of the Treasury may at any time require.

[Dept. Circ. 297, Supp. 3, 10 FR 2348, Mar. 1, 1945, as amended at 42 FR 8637, Feb. 11, 1977; 49 FR 47002, Nov. 30, 1984]

§ 223.9 Valuation of assets and liabilities.

In determining the financial condition of every such company, its assets and liabilities will be computed in accordance with the guidelines contained in the Treasury's current Annual Letter to Executive Heads of Surety Companies. However, the Secretary of the Treasury may value the assets and liabilities of such companies in his discretion. Credit will be allowed for reinsurance in all classes of risks if the reinsuring company holds a certificate of authority from the Secretary of the Treasury, or has been recognized as an admitted reinsurer in accord with § 223.12.

[42 FR 8637, Feb. 11, 1977]

§ 223.10 Limitation of risk.

Except as provided in § 223.11, no company holding a certificate of authority shall underwrite any risk on any bond or policy on behalf of any individual, firm, association, or corporation whether or not the United States is interested as a party thereto, the amount of which is greater than 10 percent of the paid-up capital and surplus of such company, as determined by the Secretary of the Treasury. That figure is hereinafter referred to as the underwriting limitation.

[34 FR 20188, Dec. 24, 1969]

§ 223.11 Limitation of risk: Protective methods.

The limitation of risk prescribed in § 223.10 may be complied with by the following methods:

(a) *Coinsurance.* Two or more companies may underwrite a risk on any bond or policy, the amount of which does not exceed their aggregate underwriting limitations. Each company shall limit its liability upon the face of the bond or policy, to a definite specified amount which shall be within its underwriting limitation.

(b) *Reinsurance.* (1) In respect to bonds running to the United States, liability in excess of the underwriting limitation shall be reinsured within 45 days from the date of execution and delivery of the bond with one or more companies holding a certificate of authority from the Secretary of the Treasury. Such reinsurance shall not be in excess of the underwriting limitation of the reinsuring company. Where reinsurance is contemplated, Federal agencies may accept a bond from the direct writing company in satisfaction of the total bond requirement even though it may exceed the direct writing company's underwriting limitation. Within the 45 day period, the direct writing company shall furnish to the Federal agency any necessary reinsurance agreements. However, a Federal agency may, at its discretion, require that reinsurance be obtained within a lesser period than 45 days, and may require completely executed reinsurance agreements in hand before making a final determination that any bond is acceptable. Reinsurance may protect bonds required to be furnished to the United States by the Miller Act (40 U.S.C. 270a through 270d) covering contracts for the construction, alteration, or repair of any public building or public work of the United States, as well as other types of Federal bonds. Use of reinsurance or coinsurance to protect such bonds is at the discretion of the direct writing company. Reinsurance shall be executed on reinsurance agreement forms (Standard Form 273 for Miller Act Performance bonds (formerly form No. TFS 6317), Standard Form 274 for Miller Act Payment bonds (formerly form No. TFS 6318), and Standard Form 275 for other types of Federal bonds (formerly form No. TFS 6319)). Federal bond-approving officers may obtain the forms by submitting a requisition in FEDSTRIP/MILSTRIP format to the General Services Administration regional office providing support to the requesting Government organization. In addition, the forms are available to authorized sureties and reinsurers from the Superintendent of Documents, Government Printing Office, Stop: SSMC, Washington, DC 20402.

(2) In respect to risks covered by bonds or policies not running to the United States, liability in excess of the underwriting limitation shall be reinsured within 45 days from the date of execution and delivery of the bond or policy with:

(i) One or more companies holding a certificate of authority from the Secretary of the Treasury as an acceptable surety on Federal bonds or one or more companies holding a certificate of authority as an acceptable reinsuring company on such bonds, or

(ii) One or more companies recognized as an admitted reinsurer in accord with § 223.12, or

(iii) A pool, association etc., to the extent that it is composed of such companies, or

(iv) An instrumentality or agency of the United States which is permitted by Federal law or regulation to execute reinsurance contracts.

(3) No certificate-holding company may cede to a reinsuring company recognized under § 223.12 any risk in excess of 10 percent of the latter company's paid-up capital and surplus.

(c) *Other methods.* In respect to all risks other than Miller Act performance and payment bonds running to the United States, which must be coinsured or reinsured in accord with paragraph (a) or (b)(1) of this section respectively, the excess liability may otherwise be protected:

(1) By the deposit with the company in pledge, or by conveyance to it in trust for its protection, of assets admitted by the Treasury the current market value of which is at least equal to the liability in excess of its underwriting limitation, or

(2) If such obligation was incurred on behalf of or on account of a fiduciary holding property in a trust capacity, by a joint control agreement which provides that the whole or a sufficient portion of the property so held may not be disposed of or pledged in any way without the consent of the insuring company.

[34 FR 20188, Dec. 24, 1969; 40 FR 6499, Feb. 12, 1975, as amended at 41 FR 10605, Mar. 12, 1976; 42 FR 8637, Feb. 11, 1977; 43 FR 39089, Sept. 1, 1978]

§ 223.12 Recognition as reinsurer.

(a) *Application by U.S. company.* Any company organized under the laws of the United States or of any State thereof, wishing to apply for recognition as an admitted reinsurer (except on excess risks running to the United States) of surety companies doing business with the United States, shall file the following data with the Assistant Comptroller for Auditing and shall transmit therewith the fee in accordance with the provisions of § 223.22(a)(2):

(1) A certified copy of its charter or articles of incorporation, and

(2) A certified copy of a license from any State in which it has been authorized to do business, and

(3) A copy of the latest available report of its examination by a State Insurance Department, and

(4) A statement of its financial condition, as of the close of the preceding calendar year, on the annual statement form of the National Association of Insurance Commissioners, signed and sworn to by two qualified officers of the company, showing that it has a capital stock paid up in cash of not less than $250,000, in the case of a stock insurance company, or has net assets of not less than $500,000 over and above all liabilities, in the case of a mutual insurance company, and

(5) Such other evidence as the Secretary of the Treasury may determine necessary to establish that it is solvent and able to keep and perform its contracts.

(b) *Application by a U.S. branch.* A U.S. branch of an alien company applying for such recognition shall file the following data with the Assistant Commissioner, Comptroller and shall transmit therewith the fee in accordance with the provisions of § 223.22(a)(2):

(1) The submissions listed in paragraphs (a) (1) through (5) of this section, except that the financial statement of such branch shall show that it has net assets of not less than $250,000 over and above all liabilities, and

(2) Evidence satisfactory to the Secretary of the Treasury to establish that it has on deposit in the United States not less than $250,000 available to its policyholders and creditors in the United States.

(c) *Financial reports.* Each company recognized as an admitted reinsurer shall file with the Assistant Commissioner, Comptroller on or before the first day of March of each year its financial statement and such additional evidence as the Secretary of the Treasury determines necessary to establish that the requirements of this section are being met. A fee shall be transmitted with the foregoing data, in accordance with the provisions of § 223.22(a)(4).

[34 FR 20189, Dec. 24, 1969, as amended at 37 FR 1232, Jan. 27, 1972; 40 FR 6499, Feb. 12, 1975; 43 FR 12678, Mar. 27, 1978; 49 FR 47002, Nov. 30, 198[illegible]]

§ 223.13 Full penalty of the obligation regarded as the liability; exceptions.

In determining the limitation prescribed in this part, the full penalty of the obligation will be regarded as the liability, and no offset will be allowed on account of any estimate of risk which is less than such full penalty, except in the following cases:

(a) Appeal bonds; in which case the liability will be regarded as the amount of the judgment appealed from, plus 10 percent of said amount to cover interest and costs.

(b) Bonds of executors, administrators, trustees, guardians, and other fiduciaries, where the penalty of the bond or other obligation is fixed in excess of the estimated value of the estate; in which cases the estimated value of the estate, upon which the penalty of the bond was fixed, will be regarded as the liability.

(c) Credit will also be allowed for indemnifying agreements executed by sole heirs or beneficiaries of an estate releasing the surety from liability.

(d) Contract bonds given in excess of the amount of the contract; in which cases the amount of the contract will be regarded as the liability.

(e) Bonds for banks or trust companies as principals, conditioned to repay moneys on deposit, whereby any law or decree of a court, the amount to be deposited shall be less than the penalty of the bond; in which cases the maximum amount on deposit at any one time will be regarded as the liability.

[Dept. Circ. 297, July 5, 1922]

§ 223.14 Schedules of single risks.

During the months of January, April, July, and October of each year every company will be required to report to the Secretary of the Treasury every obligation which it has assumed during the 3 months immediately preceding, the penal sum of which is greater than 10 percent of its paid up capital and surplus, together with a full statement of the facts which tend to bring it within the provisions of this part, on a form suitable for the purpose.

[Dept. Circ. 297, July 5, 1922]

§ 223.15 Paid up capital and surplus for Treasury rating purposes; how determined.

The amount of paid up capital and surplus of any such company shall be determined on an insurance accounting basis under the regulations in this part, from the company's financial statements and other information, or by such examination of the company at its own expense as the Secretary of the Treasury may deem necessary or proper.

[42 FR 8637, Feb. 11, 1977]

§ 223.16 List of certificate holding companies.

A list of qualified companies is published annually as of July 1 in Department Circular No. 570, Companies Holding Certificates of Authority as Acceptable Sureties on Federal Bonds and as Acceptable Reinsuring Companies, with information as to underwriting limitations, areas in which licensed to transact surety business and other details. If the Secretary of the Treasury shall take any exceptions to the annual financial statement submitted by a company, he shall, before issuing Department Circular 570, give a company due notice of such exceptions. Copies of the Circular are available from the Assistant Commissioner, Comptroller upon request. Selection of a particular qualified company from among all companies holding certificates of authority is discretionary with the principal required to furnish bond.

[34 FR 20189, Dec. 24, 1969, as amended at 40 FR 6499, Feb. 12, 1975; 42 FR 8637, Feb. 11, 1977; 49 FR 47002, Nov. 30, 1984]

§ 223.17 Revocation.

Whenever it appears that a company is not complying with the requirements of 6 U.S.C. 6-13 and of the regulations in this part, the Secretary of the Treasury will:

(a) In all cases notify the company of the facts or conduct which indicate such failure, and provide opportunity to the company to respond, and (b) in those cases where the public interest in the constant financial stability of such a company allows, also provide opportunity to the company to demonstrate or achieve compliance with those requirements. The Secretary shall revoke a company's certificate of authority with advice to it if:

(1) The company does not respond satisfactorily to his notification of noncompliance, or

(2) The company, provided an opportunity to demonstrate or achieve compliance, fails to do so.

[34 FR 20189, Dec. 24, 1969. Redesignated at 38 FR 22779, Aug. 24, 1973, and amended at 42 FR 8637, Feb. 11, 1977]

§ 223.18 Performance of agency obligations.

(a) Every company shall promptly honor its bonds naming the United States or one of its agencies or instrumentalities as obligee. If an agency's demand upon a company on behalf of the agency or laborers, materialmen, or suppliers (on payment bonds), for payment of a claim against it is not settled to the agency's satisfaction, and the agency's review of the situation thereafter establishes that the default is clear and the company's refusal to pay is not based on adequate grounds, the agency may make a report to the Secretary of the Treasury, including a copy of the subject bond, the basis for the claim against the company, a chronological resume of efforts to obtain payment, a statement of all reasons offered for nonpayment, and a statement of the agency's views on the matter.

(b) On receipt of such report from the Federal agency the Secretary will, if the circumstances warrant, notify the company concerned that the agency report may demonstrate that the company is not keeping and performing its contracts and that, in the absence of satisfactory explanation, the company's default may preclude the renewal of the company's certificate of authority, or warrant prompt revocation of the existing certificate. This notice will provide opportunity to the company to demonstrate its qualification for a continuance of the certificate of authority.

[34 FR 20189, Dec. 24, 1969. Redesignated at 38 FR 22779, Aug. 24, 1973, and amended at 42 FR 8638, Feb. 11, 1977]

§ 223.19 Informal hearing on agency complaints.

(a) *Request for informal hearing.* If a company determines that the opportunity to make known its views, as provided for under § 223.18(b), is inadequate, it may, within 20 business days of the date of the notice required by § 223.18(b), request, in writing, that the Secretary of the Treasury convene an informal hearing.

(b) *Purpose.* As soon as possible after a written request for an informal hearing is received, the Secretary of the Treasury shall convene an informal hearing, at such time and place as he deems appropriate, for the purpose of determining whether revocation of the company's certificate of authority is justified.

(c) *Notice.* The company shall be advised, in writing, of the time and place of the informal hearing and shall be directed to bring all documents, records and other information as it may find necessary and relevant to substantiate its refusal to settle the claims made against it by the Federal agency making the report under § 223.18(a).

(d) *Conduct of hearings.* The hearing shall be conducted by a hearing officer appointed by the Secretary. The company may be represented by counsel and shall have a fair opportunity to present any relevant material and to examine the agency's evidence. Formal rules of evidence will not apply at the informal hearing.

(e) *Report.* Within 30 days after the informal hearing, the hearing officer shall make a written report to the Secretary setting forth his findings, the basis for his findings, and his recommendations. A copy of the report shall be sent to the company.

[Dept. Circ. 297, Rev., 38 FR 22779, Aug. 24, 1973]

§ 223.20 Final decisions.

If, after review of the case file, it is the judgment of the Secretary that the complaint was unfounded, the Secretary shall dismiss the complaint by the Federal agency concerned and shall so notify the company. If, however, it is the judgment of the Secretary that the company has not fulfilled its obligations to the complainant agency, he shall notify the company of the facts or conduct which indicate such failure and allow the company 20 business days from the date of such notification to demonstrate or achieve compliance. If no showing of compliance is made within the period allowed, the Secretary shall either preclude renewal of a company's certificate of authority or revoke it without further notice.

[Dept. Circ. 297, Rev., 38 FR 22779, Aug. 24, 1973, as amended at 42 FR 8638, Feb. 11, 1977]

§ 223.21 Reinstatement.

If, after one year from the date of the expiration or the revocation of the certificate of authority, under § 223.20 a company can show that the basis for the non-renewal or revocation has been eliminated and that it can comply with the requirements of 6 U.S.C. 6-13 and the regulations in this part, a new certificate of authority shall be issued without prejudice.

[Dept. Circ. 297, Rev., 38 FR 22779, Aug. 24, 1973, as amended at 42 FR 8638, Feb. 11, 1977]

§ 223.22 Fees for services of the Treasury Department.

(a) Fees shall be imposed an collected, for the services listed in paragraphs (a)(1) through (4) of this section which are performed by the Treasury Department, regardless of whether the action requested is granted or denied. The payee of the check or other instrument shall be the Financial Management Service, Treasury Department. The amount of the fee will be based on which of the following categories of service is requested:

(1) Examination of a company's application for a certificate of authority as an acceptable surety on Federal bonds or for a certificate of authority as an acceptable reinsuring company on such bonds (see § 223.2);

(2) Examination of a company's application for recognition as an admitted reinsurer (except on excess risks running to the United States) of surety companies doing business with the United States (see § 223.12(a) and (b));

(3) Determination of a company's continuing qualifications for annual renewal of its certificate of authority (see § 223.3); or

(4) Determination of a company's continuing qualifications for annual renewal of its authority as an admitted reinsurer (see § 223.12(c)).

(b) In a given year a uniform fee will be collected from every company requesting a particular category of service, e.g., determination of a company's continuing qualifications for annual renewal of its certificate of authority. However, the Treasury Department reserves the right to redetermine the amounts of fees annually. Fees are determined in accordance with Office of Management and Budget Circular A-25, as amended.

(c) Specific fee information may be obtained from the Assistant Commissioner, Comptroller at the address shown in § 223.2. In addition, a notice of the amount of a fee referred to in § 223.22(a) (1) through (4) will be published in the FEDERAL REGISTER as each change in such fee is made.

[43 FR 12678, Mar. 27, 1978, as amended at 49 FR 47001 and 47002, Nov. 30, 1984]

AVAILABLE

PART 224—FEDERAL PROCESS AGENTS OF SURETY COMPANIES

Sec.
224.1 Statutory provision.
224.2 Appointment of process agents.
224.3 Powers of attorney appointing process agents; with whom filed.
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AUTHORITY: 31 U.S.C. 9306.

EDITORIAL NOTE: For redesignation of Department Circular Letter 4 of Nov. 15, 1930 as Department Circular 901 of March 20, 1952, see 17 FR 2605, Mar. 26, 1952.

§ 224.1 Statutory provision.

The rules and regulations in this part are prescribed for carrying into effect section 1 of the act approved July 30, 1947 (31 U.S.C. 9306).

[49 FR 14340, Apr. 11, 1984]

§ 224.2 Appointment of process agents.

(a) *Generally.* Companies should especially note that the law prohibits the doing of business under the provisions of this act beyond the State under whose laws it was incorporated and in which its principal office is located until an agent is appointed to accept Federal process on behalf of the company. An agent for the service of Federal process should be appointed:

(1) In the district where the principal resides; (2) in the district where the obligation is to be undertaken and performed; and (3) also in the District of Columbia where the bond is returnable and filed. The appointment of process agents pursuant to a local State statute is not compliance with the Federal law. Although one and the same agent may serve under both the State and Federal appointments, he must, nevertheless, be especially designated to accept Federal process. It should also be noted that the agent so designated must reside within the jurisdiction of the court for the judicial district wherein such suretyship is to be undertaken, and must be citizen of the State, Territory, or District of Columbia in which such court is held. Consequently an agent residing in the northern district of New York could not at the same time serve as the company's Federal process agent for the southern district of that State.

(b) *Agent required in District of Columbia.* Every company must, immediately upon receipt of its initial authority from the Secretary of the Treasury, appoint a suitable person resident in the District of Columbia on whom may be served all lawful process issued by the Federal Courts in said district. This appointment is required whether or not the company contemplates the writing of bonds in favor of the United States to be undertaken within the District of Columbia.

(c) *Agent not required in State of incorporation where principal office is located.* The law does not require the appointment of Federal process agents for the State under whose laws the company is incorporated, and in which its principal office is located.

[Dept. Circ. 901, 17 FR 2605, Mar. 26, 1952]

§ 224.3 Powers of attorney appointing process agents; with whom filed.

The clerk of the United States district court at the main office in each judicial district must be furnished with a sufficient number of authenticated copies of the power of attorney appointing an agent for the service of process to enable him to file a copy in his office, and at each other place where a divisional office of the court is located within the judicial district for which the process agent has been appointed. Such copies may be authenticated at the home office of the company by its officers duly authorized, and sworn to before an officer legally authorized to administer oaths. Where the charter of bylaws of the corporation do not confer authority on its executive officers to give such powers of attorney the authenticated copy filed with the clerk of the court must be accompanied by a certified copy of the resolution duly adopted by its board of directors or other governing body showing that the officer making the appointment had authority to do so.

[Dept. Circ. 901, 17 FR 2606, Mar. 26, 1952]

§ 224.4 Power of attorney; form.

In making such appointments a power of attorney should be used substantially in the following form:

Know all men by these presents, that the ———————— a corporation existing under and by virtue of the laws of the State of ———————— and having its principal office at ————————, desiring to comply with section 9306 of Title 31, United States Code, hereby constitutes and appoints ————, of ————————, its true and lawful attorney and agent in and for the ———————— judicial district of ————————, upon whom all lawful process in any action or proceeding against the company in said district may be served in like manner and with the same effect as if the company existed therein, and who is authorized to enter an appearance in its behalf.

In witness whereof the said company, pursuant to proper authority of its board of directors or other governing body, has caused these presents to be subscribed by its ———— president and its corporate seal to be affixed hereto this —— day of ————, A.D. 19—

[CORPORATE SEAL] ————————————
President.

State of ————————

County of ————————, ss:

On this —— —— day of ————, A.D. 19—, before me appeared ————————, president of the ———————— Company, with whom I am personally acquainted, who being duly sworn, says that he is ———————— president of the ———————— Company; that he knows the corporate seal of the company, that the seal affixed to the foregoing instrument is such corporate seal; that it was affixed by order of the board of directors or other governing body of said company, and that he signed said instrument as ———— president of said company by like authority.

[NOTARIAL SEAL]

[Dept. Cir. Ltr. 4, Nov. 15, 1930, as amended at 49 FR 14340, Apr. 11, 1984]

§ 224.5 Filing process agent appointment information with the Treasury.

In order that the Treasury may have an official record of such appointments, the company making the appointments will forward to the Department by May 15 each year, an annual report on a form which will be provided, showing the Federal judicial districts in which process agents have been appointed.

[40 FR 51194, Nov. 4, 1975]

§ 224.6 Process agents; termination of authority.

Whenever the authority of a process agent is terminated by reason of revocation, disability, removal from the district, or any other cause, it shall be the duty of the company to immediately make a new appointment.

[40 FR 51194, Nov. 4, 1975]

§ 224.7 United States district courts; location of divisional offices.

A list of the divisional offices of the court in each judicial district for which copies of powers of attorney should be furnished the clerk of the court at the main office for filing may be obtained from the Surety Staff, Financial Management Service, Department of the Treasury, Washington, DC 20226.

[Dept. Circ. 901, 17 FR 2606, Mar. 26, 1952. Redesignated and amended at 40 FR 51195, Nov. 4, 1975; 49 FR 14340, Apr. 11, 1984; 49 FR 47001, Nov. 30, 1984]

PART 225—ACCEPTANCE OF BONDS, NOTES, OR OTHER OBLIGATIONS ISSUED OR GUARANTEED BY THE UNITED STATES AS SECURITY IN LIEU OF SURETY OR SURETIES ON PENAL BONDS[1]

Sec.
225.1 Bond-approving officers; definition.
225.2 Bonds or notes acceptable as security; power to sell.
225.3 Obligor must be owner; registration.
225.4 Risk of loss; receipt.
225.5 Application of proceeds in case of default; forms.
225.6 Facts to be determined by bond-approving officers.
225.7 Substitutions.
225.8 Authorized depositaries; withdrawal.
225.9 Risk of loss or destruction.
225.10 Delivery to the depositary.
225.11 Payment of interest to obligor; coupons.
225.12 Return to obligor of security.
225.13 Return to obligor; risk of loss.
225.14 Withdrawal.
225.15 Receipt for return.

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[1] The forms mentioned in this part may be obtained from Financial Management Service, U.S. Treasury Department, Washington, DC 20226.

[illegible] AVAILABLE

Sec.
225.16 Penal bonds; form to be used with bonds or notes as security.
225.17 Penal bonds; existing practice or duties of administrative offices in handling not modified.
225.20 All Government bond-approving officers governed by the provisions of this part.
225.21 Other authority to take bonds and notes not affected by this part.
225.22 Conversion to book-entry Treasury securities.

AUTHORITY: Sec. 15, 61 Stat. 650; 6 U.S.C. 15.

SOURCE: Department Circular 154, Revised, Feb. 6, 1935, unless otherwise noted.

§ 225.1 Bond-approving officers; definition.

The term "bond-approving officers" as used in this part means the head of an executive department or Government establishment or an officer designated either by law or regulation to approve "penal bonds." The Treasury of the United States assumes no responsibility or liability on account of the acts of bond-approving officers. The term "bond-approving officer" shall be deemed to include the officer's successors in office.

§ 225.2 Bonds or notes acceptable as security; power to sell.

Any individual, partnership, or corporation required by the laws of the United States or regulations made pursuant thereto to furnish any recognizance stipulation, bond, guaranty, or undertaking (hereinafter called penal bond), with surety or sureties, may, in lieu of such surety or sureties, deposit as security with the official having authority to approve such penal bond (hereinafter called the bond-approving officer), United States bonds, Treasury notes, or other public debt obligations of the United States or obligations which are unconditionally guaranteed as to both interest and principal by the United States (all of which classes of obligations are hereinafter called "bonds or notes"), in a sum equal at their par value to the amount of the penal bond required to be furnished, together with an irrevocable power of attorney and agreement in the form prescribed, authorizing the bond-approving officer to collect or sell, assign and transfer such bonds or notes so deposited in case of any default in the performance of any of the conditions or stipulations of such penal bond. The acceptance of such bonds or notes in lieu of surety or sureties required by law shall have the same force and effect as individual or corporate sureties, or certified checks, bank drafts, post-office money orders, or cash, for the penalty or amount of such penal bond. The term "par value" as applied in this part to bonds or notes not issued on a discount basis means the stated dollar amount thereof; *i.e.*, the denominational amount, such as $100, $500, and $1,000; and as applied to bonds or notes issued on a discount basis means the dollar amount which the holder is entitled to receive at maturity or the next following date of redemption at the option of the holder, whichever amount is less. In order to avoid the frequent substitution of bonds or notes, bond-approving officers will not receive a bond or note which matures or, at the option of the holder, may be redeemed within 30 days of the date of deposit; and any bond-approving officer may refuse to receive bonds or notes which mature or, at the option of the holder, may be redeemed within a year of the date of deposit, in cases where he rules that deposit of such bonds or notes might lead to frequent substitutions.

§ 225.3 Obligor must be owner; registration.

The individual, partnership or corporation required to furnish any penal bond, who deposits bonds or notes as security in lieu of surety or sureties in accordance with the provisions of this part, must be the owner of the bonds or notes deposited, and is hereinafter called the obligor. Bonds or notes may be deposited with bond-approving officers pursuant to the provisions of this part in either coupon or registered form. Coupon bonds or notes shall have attached thereto all coupons unmatured at the date of such deposit, and all matured coupons should be detached. Registered bonds or notes must be registered in the name of the obligor. They need not be assigned, and must not be assigned to the bond-approving officer. Bonds registered in the name of the obligor may, however, bear assignment in blank or to the Secretary of the Treasury for exchange for coupon bonds.

§ 225.4 Risk of loss; receipt.

The bonds or notes to be deposited must in every case be delivered to the bond-approving officer at the obligor's risk and expense. Coupon bonds or notes and registered bonds or notes assigned in blank or for exchange for coupon bonds or notes cannot safely be forwarded by registered mail unless insured by the obligor against risk of loss in transit. Registered bonds or notes, unless assigned in blank or for exchange for coupon bonds or notes, need not be so insured when forwarded by registered mail, unless the obligor so elects. The bond-approving officer shall issue a receipt in duplicate, substantially in Form A, for the bonds or notes so deposited, the original of the receipt to be given to the obligor and the duplicate to be retained by the bond-approving officer for his files.

§ 225.5 Application of proceeds in case of default; forms.

At the time of the deposit of any bonds or notes with a bond-approving officer in accordance with the provisions of this part, the obligor shall deliver to the bond-approving officer a duly executed power of attorney and agreement, in favor of the bond-approving officer, authorizing such officer to collect or sell, assign, and transfer, such bonds or notes so deposited in case of any default in the performance of any of the conditions or stipulations of the penal bond, and to apply the proceeds of such sale or collection, in whole or in part, to the satisfaction of any damages, demands, or deficiency arising by reason of such default. The power of attorney and agreement shall not be revocable by the obligor; and, in the case of an individual, shall be substantially in Form C, in the case of a partnership, substantially in Form D, and in the case of a corporation, substantially in Form E.

§ 225.6 Facts to be determined by bond-approving officers.

In connection with the acceptance of bonds or notes hereunder as security in lieu of surety or sureties, bond-approving officers must satisfy themselves as to the ownership of the bonds or notes deposited and the sufficiency of the power of attorney and agreement, and in the case of registered bonds or notes, as to the regularity to the assignments as well, and, in general, that the deposit is made in conformity with the provisions of this part.

§ 225.7 Substitutions.

Any obligor who deposits bonds or notes in accordance with the provisions of this part may upon written application to and with the approval of the bond-approving officer, substitute for the bonds or notes so deposited:

(a) Other bonds or notes in a sum equal at their par value to not less than the par amount of the bonds or notes to be withdrawn, upon compliance with all the provisions of this part applicable to an original deposit of bonds or notes in lieu of surety or sureties, or

(b) A penal bond with surety or sureties or such other security as may be allowed by law. The bonds or notes withdrawn shall be returned in the manner hereinafter provided for the return of bonds and notes deposited.

§ 225.8 Authorized depositaries; withdrawal.

Bonds or notes deposited with bond-approving officers as security in accordance with the provisions of this part and such other bonds or notes as may be substituted therefor from time to time as such security, may be deposited by bond-approving officers with a Federal Reserve Bank or Branch having the requisite facilities, or other depository duly designated for that purpose by the Secretary of the Treasury.

Provided, however, That bond-approving officers shall deposit with the United States Treasury all bonds or notes received by them in the District of Columbia pursuant to the provisions of this part. Depositaries of public moneys are not authorized to act as depositaries for bonds or notes accepted under this part, unless specifically designated for that purpose by the Secretary of the Treasury. Any authorized depositary receiving deposits of bonds or notes from bond-approving officers in accordance with this part shall give receipt therefor in duplicate, describing the bonds or notes so deposited, substantially in Form B, the original to be delivered to the bond-approving officer and the duplicate to be retained by the depositary for its own files. The bond-approving officer will hold the original receipt subject to the instructions of his administrative superior. Bonds or notes so deposited with an authorized depositary may be withdrawn only by or on the written order of the bond-approving officer. Bonds or notes accepted by or on behalf of any United States court, under this part may also be deposited as aforesaid under a duly authenticated order of the court, and bonds or notes so deposited may be withdrawn only by or on the duly authenticated order of such court.

[Dept. Circ. 154, Feb. 6, 1935, as amended at 39 FR 32911, Sept. 12, 1974]

§ 225.9 Risk of loss or destruction.

Bonds or notes accepted by bond-approving officers from obligors under this part and not deposited by them with authorized depositaries, will be held at the risk of the respective bond-approving officers, subject to such regulations and instructions as may be prescribed for their guidance by their respective administrative superiors. Coupon bonds or notes and registered bonds or notes assigned in blank or for exchange for coupon bonds or notes are in effect bearer obligations and must be kept in safe custody; registered bonds or notes not assigned in blank or for exchange for coupon bonds or notes must also be kept in safe custody, but in the event of loss or destruction may be replaced upon compliance with the provisions of law and the regulations of the Treasury Department applicable thereto.

§ 225.10 Delivery to the depositary.

Bond-approving officers desiring to deposit bonds or notes received by them with authorized depositaries must deliver such bonds or notes to the depositary, without risk or expense to the depositary. Coupon bonds or notes and registered bonds or notes assigned in blank or for exchange for coupon bonds or notes cannot safely be shipped by registered mail unless covered by insurance. Registered bonds or notes not assigned in blank or for exchange for coupon bonds or notes may be forwarded by registered mail uninsured.

§ 225.11 Payment of interest to obligor; coupons.

The obligor shall be entitled to receive the interest accruing upon bonds or notes deposited in accordance with this part, in the absence of any default in the performance of any of the conditions or stipulations of the penal bond. The interest on any registered bonds or notes which the obligor is entitled to receive hereunder will be paid by check in regular course to the registered holder. The coupons for any interest on coupon bonds or notes which the obligor is entitled to receive hereunder will, upon written application from the obligor to the bond-approving officer, be detached, as they mature, from the bonds or notes deposited and forwarded to the obligor at the obligor's risk and expense, either by the bond-approving officer or upon his written order by the depositary with which the bonds or notes may be deposited, or, at the direction of the bond-approving officer, collected by the depositary and check therefor forwarded to the obligor. In the absence of written application therefor by the obligor, coupons for interest on coupon bonds or notes to which the obligor may be entitled under this part shall remain attached to the bonds or notes deposited, subject to the provisions of this part.

§ 225.12 Return to obligor of security.

(a) *Generally.* As soon as security for the performance of the penal bond is no longer necessary, the bonds or notes deposited in lieu of surety or sureties on such penal bond, together with the power of attorney and agreement accompanying such bonds or notes, shall be returned to the obligor by the bond-approving officer, without application therefor from the obligor. The determination of the question whether security is any longer necessary for the performance of the penal bond shall rest with the bond-approving officer.

(b) *Miller Act payment bonds.* If a person who supplied labor or material to a contractor, required by the Miller Act, as amended (40 U.S.C. 270a-d), to give a payment bond to the United States, files with the Comptroller General the application and affidavit provided for in that Act after a default in the performance of a contract covered by that Act, the bond-approving officer shall not return to the contractor-obligor the deposited bonds, notes or any surplus proceeds thereof until the expiration of the time within which such a person may commence suit on the payment bond as provided in the Act, *i.e.*, 1 year after the day on which the last of the labor was performed or material supplied by that person. If suit is instituted within that time, the bond-approving officer shall hold such bonds, notes or proceeds subject to the order of the court having jurisdiction of the suit. If suit is not instituted within that time but the bond-approving officer is on notice of a claim against the contractor-obligor on the basis of his payment bond, the bond-approving officer shall determine the time at which, and the evidence of settlement of the claim upon which, he will release the bonds, notes or proceeds.

(c) *Claim of United States unaffected.* Nothing in this section shall affect or impair the priority of any claim of the United States against bonds or notes deposited, or any right or remedy granted by the Miller Act or by this part to the United States for default upon any obligation of a penal bond.

[34 FR 17953, Nov. 6, 1969]

§ 225.13 Return to obligor; risk of loss.

Bonds or notes to be returned to the obligor will be forwarded at the obligor's risk and expense, either by the bond-approving officer, or upon his written order by the depositary with which the bonds or notes may be deposited, and unless delivered direct to the obligor, will be forwarded, in the absence of other written instructions and remittance to cover expenses, by express, collect, except that registered bonds or notes not assigned in blank or for exchange for coupon bonds or notes may be forwarded by registered mail, uninsured.

§ 225.14 Withdrawal.

Any obligor who desires to withdraw a portion only of the bonds or notes deposited, by reason of reduction in liability under the penal bond, shall make written application for such withdrawal to the bond-approving officer, who shall, if he approve such application, return such portion of the bonds or notes to the obligor.

§ 225.15 Receipt for return.

Upon the complete or partial return to the obligor of bonds or notes deposited as security under the provisions of this part, the bond-approving officer shall require from the obligor a receipt in duplicate, substantially in Form G, and shall further require the obligor, in case of complete return, to surrender the original receipt on Form A.

§ 225.16 Penal bonds; form to be used with bonds or notes as security.

Penal bonds on which bonds or notes are accepted as security in lieu of surety or sureties may be substantially in Form F. Administrative officers of the Government may, however, use other forms of penal bonds appropriate to the work of their respective offices: *Provided,* That upon the execution of the penal bond the principal shall indorse on the face thereof and sign the following statement:

> The securities described in the annexed schedule are hereby pledged as security for the performance and fulfillment of the foregoing undertaking in accordance with 6 U.S.C. 15, and 31 CFR Part 225.
>
> ______________________
>
> Principal on the above bond

[Dept. Circ. 154, Rev., Feb. 6, 1935, as amended at 34 FR 9928, June 27, 1969; 34 FR 17953, Nov. 6, 1969]

§ 225.17 Penal bonds; existing practice or duties of administrative offices in handling not modified.

Nothing contained in this part shall be construed as modifying the existing practice or duties of administrative offices in handling penal bonds, except to the extent made necessary under the terms of this part by reason of the acceptance of bonds or notes as security in lieu of surety or sureties thereon.

§ 225.20 All Government bond-approving officers governed by the provisions of this part.

Bond-approving officers of other departments and establishments of the Government accepting bonds or notes in lieu of surety or sureties under the provisions of 6 U.S.C. 15, shall be governed by the provisions of this part. This part may be modified or amended only upon the approval of the Secretary of the Treasury.

[Dept. Circ. 154, Rev., Feb. 6, 1935, as amended at 34 FR 9928, June 27, 1969]

§ 225.21 Other authority to take bonds and notes not affected by this part.

Nothing contained in this part shall affect the authority of courts over the security when bonds or notes are taken as security in judicial proceedings, or the authority of any administrative officer of the United States to receive United States bonds or notes for security in cases authorized by provisions of law other than 6 U.S.C. 15.

[Dept. Circ. 154, Rev., Feb. 6, 1935, as amended at 34 FR 9928, June 27, 1969]

§ 225.22 Conversion to book-entry Treasury securities.

Treasury bonds, notes, certificates of indebtedness, or bills deposited with a Federal Reserve bank or branch bank under this part may be converted into book-entry Treasury securities in accordance with Subpart O of Part 306 of this chapter, and the pertinent provisions of that subpart shall apply to such Treasury securities.

[34 FR 9928, June 27, 1969, as amended at 36 FR 2507, Feb. 5, 1971]

PART 226—RECOGNITION OF INSURANCE COVERING TREASURY TAX AND LOAN DEPOSITARIES

Sec.

226.1 Scope.
226.2 General.
226.3 Application—termination.
226.4 Adequacy of security—how computed.
226.5 Examinations.
226.6 Financial reports.
226.7 Effective date.

AUTHORITY: Secs. 2 and 3, Pub. L. 95-147, 91 Stat. 1227 (31 U.S.C. 1038).

SOURCE: 43 FR 18972, May 2, 1978, unless otherwise noted.

EFFECTIVE DATE NOTE: Part 226 was added at 43 FR 18972, May 2, 1978, effective July 6, 1978. At 43 FR 26309, June 19, 1978, the effective date was postponed indefinitely.

§ 226.1 Scope.

The regulations in this part apply to insurance covering public money of the United States held by banks, savings banks, savings and loan associations, building and loan associations, homestead associations, or credit unions designated as Treasury tax and loan depositaries under 31 CFR Part 203. Approval of the adequacy of the insurance coverage provided to Treasury tax and loan funds shall be governed by the regulations contained herein, which will be supplemented by guidelines issued by the Treasury and updated from time to time to meet changing conditions in the industry.

§ 226.2 General.

(a) Deposit or account insurance provided by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, and the National Credit Union Share Insurance Fund, is hereby recognized. Deposits or accounts which are insured by a State or agency thereof, or by a corporation chartered by a State for the sole purpose of insuring deposits or accounts of financial institutions eligible to be Treasury tax and loan depositaries (hereinafter referred to as Insurance Arrangement), shall be approved as provided herein. Such approval constitutes recognition for the purpose of reducing the amount of collateral required of a tax and loan depositary by the amount of recognized insurance coverage pursuant to 31 CFR 203.15.

(b) Generally, these regulations and their associated guidelines require that an organization providing insurance maintain a corpus of sufficient value and liquidity, and/or that it have sufficient State borrowing authority, in relation to its liabilities and total insured savings (or deposits) to provide adequate security to the Government's deposits and that adequate monitoring of the financial condition of the insured institutions is conducted.

§ 226.3 Application—termination.

(a) Every Insurance Organization applying for recognition as a qualified insurer of financial institutions designated as Treasury tax and loan depositaries shall address a written request to the Assistant Commissioner, Comptroller, Financial Management Service, Department of the Treasury, Washington, DC 20226, who will notify the applicant of the data which is necessary to make application. If the Secretary of the Treasury is satisfied that:

(1) One or more institutions insured by the applicant otherwise meet the Secretary's requirements for designation as a Treasury tax and loan depositary or Federal tax depositary, (2) the insurance provided by the applicant covers public money of the United States, and (3) the insurance coverage provided affords adequate security to the Government's deposits, the Secretary shall recognize the applicant as a qualified insurer of financial institutions designated as Treasury tax and loan depositaries.

(b) If and when the Secretary of the Treasury determines that a qualified insurance organization's financial condition is such that it no longer provides adequate security or that it is not complying with the regulations of this part, the Secretary will notify the Insurance Organization of the facts or conduct which cause him to make such determination, and in those cases where the safety of the Government's funds allows, provide the Insurance Organization with an opportunity to correct the deficiency. When any deficiency has not been corrected to his satisfaction or, where the safety of Government funds makes immediate revocation imperative, the Secretary will revoke the recognition previously granted.

NOTE: For a delegation of authority to perform the functions described in §§ 226.3 and 226.4, see 44 FR 19406 of the FEDERAL REGISTER of April 3, 1979.

[43 FR 18972, May 2, 1978, as amended at 44 FR 19406, Apr. 3, 1979; 49 FR 47002, Nov. 30, 1984]

§ 226.4 Adequacy of security—how computed.

(a) In qualifying Insurance Organizations, the Treasury will use a ratio (equity (net worth) of the insurance organization divided by insured accounts or deposits) to determine if the security is adequate. The ratio will be computed as determined by the Treasury, and is required to equal 0.0045 or greater for an Insurance Organization to be recognized (i.e., net worth is required to equal 0.45 of 1 percent of insured accounts or deposits).

(b) If, in the judgment of the Secretary of the Treasury, any of the Insurance Organization's assets which cannot be liquidated promptly or are subject to restriction, encumbrance, or discredit, all or part of the value of such assets may be deducted from equity in making the computation. The Secretary of the Treasury may value the assets and liabilities in his discretion.

(c) An Insurance Organization's unqualified borrowing authority from its sponsoring State will be added to its equity in making the computation because such authority is equivalent to additional capitalization. An Insurance Organization's commercial borrowing authority and its reinsurance will be disregarded in making the computation, because these are not adequate substitutes for undercapitalization.

NOTE: For a delegation of authority to perform the functions described in §§ 226.3 and 226.4, see 44 FR 19406 of the FEDERAL REGISTER of April 3, 1979.

[43 FR 18972, May 2, 1978, as amended at 44 FR 19406, Apr. 3, 1979]

§ 226.5 Examinations.

(a) Examinations by State regulatory authorities or audits by CPA firms of Insurance Organizations shall be performed in accordance with, and at intervals prescribed by, State regulatory procedures. Copies of the reports shall be submitted to the Treasury.

(b) Examinations by State regulatory authorities or audits by CPA firms of insured financial institutions shall be performed in accordance with, and at intervals prescribed by, State regulatory procedures. In addition, an adequate monitoring system shall be employed to detect those institutions with financial problems.

§ 226.6 Financial reports.

Financial reports of Insurance Organizations shall be submitted to the Treasury at the same intervals they are submitted to State regulatory authorities. However, they need not be submitted more frequently than quarterly but, as a minimum, shall be submitted annually. The Treasury may prescribe the format of such reports.

§ 226.7 Effective date.

The provisions of this part become effective November 2, 1978.

[43 FR 47506, Oct. 16, 1978]

PART 235—ISSUANCE OF SETTLEMENT CHECKS FOR FORGED CHECKS DRAWN ON TREASURY AND DESIGNATED DEPOSITARIES

Sec.
235.1 Scope of regulations.
235.2 Definition.
235.3 Settlement of claims.
235.4 Check Forgery Insurance Fund.
235.5 Reclamation amounts.
235.6 Implementing instructions.

AUTHORITY: 5 U.S.C. 301 and sec. 5, 55 Stat. 778 (31 U.S.C. 564), as amended by Pub. L. 93-539.

SOURCE: 40 FR 6785, Feb. 14, 1975, unless otherwise noted.

§ 235.1 Scope of regulations.

This part governs the issuance of settlement checks for checks drawn on the United States Treasury and drawn on designated depositaries of the United States by accountable officers of the United States, that have been negotiated and paid on a forged or unauthorized indorsement.

§ 235.2 Definition.

"Accountable Officers of the United States", as used in these regulations, means disbursing officers authorized by the Secretary of the Treasury to maintain official accounts of the United States in depositary banks located in the United States, its territories, and foreign countries, and to draw checks thereon in dollars or in foreign currencies.

§ 235.3 Settlement of claims.

Upon receipt of a claim by a payee or special indorsee on a check determined to have been paid on a forged indorsement under conditions satisfying the provisions set forth in 31 U.S.C. 3343, the Commissioner, Financial Management Service, with respect to a check drawn on the United States Treasury, or accountable officers of the United States, with respect to a check drawn on designated depositaries of the United States, in dollars or in foreign currency, shall cause to be issued a settlement check in the appropriate currency to the payee or special indorsee.

[40 FR 6785, Feb. 14, 1975, as amended at 49 FR 47001, 47002, Nov. 30, 1984]

§ 235.4 Check Forgery Insurance Fund.

The Check Forgery Insurance Fund, established pursuant to 31 U.S.C. 3343, shall be available for use by the Commissioner, Financial Management Service, and accountable officers of the United States for the purpose of providing funding for settlements made to a payee or special indorsee pursuant to these regulations.

[40 FR 6785, Feb. 14, 1975, as amended at 49 FR 47001, 47002, Nov. 30, 1984]

§ 235.5 Reclamation amounts.

Amounts received by way of reclamation on forged checks shall be deposited to the credit of the Check Forgery Insurance Fund or to the appropriate foreign currency fund or other account charged for the settlement payment.

§ 235.6 Implementing instructions.

Procedural instructions implementing these regulations will be issued by the Commissioner, Financial Management Service, in Part IV of the *Treasury Fiscal Requirements Manual for the guidance of Departments and Agencies.*

[40 FR 6785, Feb. 14, 1975, as amended at 49 FR 47001, Nov. 30, 1984]

PART 240—INDORSEMENT AND PAYMENT OF CHECKS DRAWN ON THE UNITED STATES TREASURY[1]

GENERAL PROVISIONS

Sec.

240.1 Scope of regulations.
240.2 Definitions.
240.3 Generally.
240.4 Guaranty of indorsements.
240.5 Collection of amounts of paid checks.
240.6 Demand and protest.
240.7 Offset.
240.8 Processing of checks.
240.9 Release of original checks.

INDORSEMENT OF CHECKS

240.10 Indorsement by payees.
240.11 Checks issued to incompetent payees.
240.12 Checks issued to deceased payees.
240.13 Checks issued to minor payees in certain cases.
240.14 Powers of attorney.

APPENDIX—STANDARD FORMS FOR POWER OF ATTORNEY AND THEIR APPLICATION

AUTHORITY: 5 U.S.C. 301; 12 U.S.C. 391; 31 U.S.C. 3331; 31 U.S.C. 3343; 31 U.S.C. 3711; 31 U.S.C. 3716; 31 U.S.C. 3717; 332 U.S. 234 (1947); 318 U.S. 363 (1943).

GENERAL PROVISIONS

§ 240.1 Scope of regulations.

The regulations in this part prescribe the requirements for endorsement and the conditions for payment of checks drawn on the United States Treasury. These regulations also establish procedures for collection of amounts due the United States Treasury because of payments on checks bearing forged or other unauthorized endorsements or other material defects or alterations.

[48 FR 49016, Oct. 24, 1983]

§ 240.2 Definitions.

(a) "Check" or "checks" means a check or checks drawn on the United States Treasury.

(b) "Check payment" means the amount paid to a presenting bank in accordance with § 240.8(a)(3) of this part.

(c) "Days" means calendar days.

(d) "Financial institution" means any bank, savings bank, savings and loan association, Federal or State chartered credit union, or similar institution.

(e) "Item" means a reference in a monthly interest billing statement to a check for the amount of which Treasury has demanded refund from a presenting bank.

(f) "Monthly interest billing statement" means a statement prepared by Treasury and sent to a presenting bank which includes the following information regarding each outstanding demand for refund:

(1) The reclamation date;

(2) The reclamation number;

(3) Check identifying information; and

(4) The balance due, including interest.

(g) "Person" or "persons" means an individual or individuals, or an institution or institutions, including all forms of financial institutions.

(h) "Presenting bank" means (1) a financial institution which, either directly or through a correspondent banking relationship, presents checks to and receives credit from a Federal Reserve bank, or (2) a depositary which is authorized to charge checks directly to the General Account of the United States Treasury and present them directly to Treasury for payment.

(i) "Protest" means a presenting bank's written statement and any supporting documentation tending to prove that it is not liable for refund of the reclamation balance.

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[1] The regulations which previously appeared in Part 202 of this chapter (Department Circular 176 (Revised)) governing payment of checks drawn on the United States Treasury now appear in revised form in this part.

(j) "Reclamation" means a demand by Treasury for refund of the amount of a check payment.

(k) "Reclamation date" means the date on which a demand for refund was prepared. Normally, demands are sent to presenting banks within two working days of the reclamation date.

(l) "Treasury" means the United States Treasury.

(m) "U.S. securities" means securities of the United States and securities of Federal agencies and wholly or partially Government-owned corporations for which the Treasury acts as transfer agent.

(n) "Unauthorized indorsement" means (1) an indorsement made by a person other than the payee, except as authorized by and in accordance with § 204.4 and §§ 240.10 through 240.14 of this part, (2) an indorsement by a financial institution under circumstances in which the financial institution breaches the guaranty required of it by 31 CFR 209.9(a) (*see*, 31 CFR 209.8), or (3) a missing indorsement where the depositary bank had no authority to supply the indorsement.

[48 FR 49016, Oct. 24, 1983, as amended at 49 FR 47002, Nov. 30, 1984; 50 FR 263, Jan. 3, 1985]

§ 240.3 Generally.

All checks heretofore or hereafter drawn on the United States Treasury are payable without limitation of time. The Treasury shall have the usual right of a drawee to examine checks presented for payment and refuse payment of any checks, and shall have a reasonable time to make such examination. Checks shall be deemed to be paid by the United States Treasury only after first examination has been fully completed. If the Treasury is on notice of a doubtful question of law or fact when a check is presented for payment, payment will be deferred pending settlement by the General Accounting Office.

[39 FR 20967, June 17, 1974]

§ 240.4 Guaranty of indorsements.

The presenting bank and the indorsers of a check presented to the Treasury for payment are deemed to guarantee to the Treasury that all prior indorsements are genuine, whether or not an express guaranty is placed on the check. When the first indorsement has been made by one other than the payee personally, the presenting bank and the indorsers are deemed to guarantee to the Treasury, in addition to other warranties, that the person who so indorsed had unqualified capacity and authority to indorse the check in behalf of the payee.

[39 FR 20967, June 17, 1974]

§ 240.5 Collection of amounts of paid checks.

(a) If, after a check has been paid by Treasury, it is found to:

(1) Bear an unauthorized indorsement, or

(2) Contain any other material defect or alteration which was not discovered upon first examination,

then, upon demand by the Treasury in accordance with the procedures specified in § 240.6 of this part, the presenting bank or other indorser shall refund the amount of the check payment.

(b) Interest on any unpaid item shall commence to accrue on the sixty-first day after the reclamation date. Interest shall be calculated at the rate set from time to time for purposes of 31 U.S.C. 323. Interest shall continue to accrue until the amount demanded is paid or the reclamation is abandoned.

(c) In addition to its right to recover interest, Treasury shall have the right to recover such other applicable charges (*e.g.*, administrative collection costs, late payment penalties) as may be authorized or required by law.

[48 FR 49017, Oct. 24, 1983]

§ 240.6 Demand and protest.

(a) For all reclamations an initial demand for refund of the amount of a check payment will be made by sending a "Request for Refund (Reclamation)," to the presenting bank. This Request shall advise the presenting bank of the amount demanded and the reason for the demand. Treasury will make follow-up demands by including each unpaid item on at least three monthly interest billing statements sent to the presenting bank. Monthly interest billing statements will identify any unpaid reclamation demands and will also show the amount of any accrued interest for each outstanding reclamation. Any discrepancies should be brought to Treasury's attention immediately at the address listed in paragraph (b) of this section. Monthly interest billing statements will contain or be accompanied by notice to the bank:

(1) That Treasury intends to collect the debt throught administrative offset if the reclamation is not paid within 120 days of the reclamation date,

(2) That the bank has an opportunity to inspect and copy Treasury's records with respect to the reclamation,

(3) That the bank may, by filing a protest, request Treasury to review its decision that the bank is liable for the reclamation, and

(4) That the bank has an opportunity to enter into a written agreement with Treasury for the repayment of the amount of the reclamation. A request for a repayment agreement must be accompanied by proof that satisfies the Treasury that the requesting bank is unable to repay the entire amount owed at the time that it is due.

(b) Requests for an appointment to inspect and copy Treasury's records with respect to a reclamation and requests to enter into repayment agreements should be sent in writing to:

Department of the Treasury, Check Claims Group, Reclamation Branch, 401 14th Street SW., Washington, DC 20227

(c)(1) If a presenting bank wishes to contest its liability for the principal amount demanded, it shall send a protest, *i.e.*, a written statement and copies of all documentary evidence (*e.g.*, affidavits, account agreements, signature cards) and other written information raising a question of law or fact which, if resolved in the bank's favor, would show that the bank is not liable, to:

Department of the Treasury, Check Claims Group, Reclamation Branch, 401 14th Street SW., Washington, DC 20227

The Director, Operations Division, Check Claims Group, who has supervisory authority over the Reclamation Policy and Collection Section, or his authorized subordinate, shall consider and decide any protest properly submitted under this paragraph. Neither the Director, Operations Division, Check Claims Group, nor any of his subordinates, shall have any involvement in the process of making findings or demands under § 240.5(a). In order to be considered, and to be timely, a protest must be received not later than 90 days after the reclamation date. Treasury will refrain from collection in accordance with § 240.7 while a timely protest is being considered. Unresolved protested items will be appropriately annotated on the monthly interest billing statement.

(2) If Treasury accepts the protest, the presenting bank shall be notified in writing that efforts to collect the item and any accrued interest have been abandoned.

(3) If the evidence sent by the presenting bank does not satisfy Treasury that refund of the amount demanded is not required under § 240.5(a), Treasury will notify the presenting bank in writing of its decision that the bank is liable for the amount demanded and the reasons for its decision. If the presenting bank fails to send the amount demanded within 30 days of the date of Treasury's decision, Treasury shall proceed to collect the amount owed in accordance with § 240.7, provided that no offset shall be taken sooner than 120 days after the reclamation date.

(4) If an item, and/or accrued interest relating to that item remains unpaid for 90 days after the reclamation date and if there is no unresolved protest associated with the item, the monthly interest billing statement will be annotated with a notice that the presenting bank has until the next billing date to make payment on the item or be subject to offset thereon.

[48 FR 49017, Oct. 24, 1983, as amended at 49 FR 47002, Nov. 30, 1984]

§ 240.7 Offset.

(a) If an item, and/or accrued interest relating to that item remains unpaid for 120 days after the reclamation date and the presenting bank has been sent at least one monthly interest billing statement informing it that Treasury intends to collect that item by offset, Treasury may refer the matter to any federal agency and request that agency to offset the indebtedness and other applicable charges against amounts otherwise owned by the federal agency to the presenting bank. Monthly interest billing statements will be annotated to identify those specific items that are to be referred to an agency for offset.

(b) If a bank wishes to make payment on an item referred to an agency for offset, it should contact Treasury at the address listed in § 240.6(b) of this part to reduce the possibility of a double collection. If an agency to which an indebtedness is referred in accordance with this paragraph is unable to effect offset in whole or in part, Treasury may then refer the debt to any other agency and request offset in accordance with this paragraph. Treasury designates each agency acting under this paragraph as its designee for the sole purpose of effecting offset. No such designee shall be liable to any party for any loss resulting from its action under this paragraph.

(c) If Treasury is unable to collect an amount owed by use of the offset described in paragraph (a), Treasury shall take such action against the presenting bank as may be necessary to protect the interests of the United States, including referral to the Department of Justice.

(d) The procedures provided for in §§ 240.5, 240.6(b), and this section shall apply to demands for refund bearing reclamation dates on or after May 26, 1981.

(e) If Treasury effects offset under this section and it is later determined that the presenting bank paid the amount of the reclamation and accrued interest thereon, or that a presenting bank which had timely filed a protest was not liable for the amount of the reclamation, Treasury shall promptly refund to the presenting bank the amount of its payment.

[48 FR 49018, Oct. 24, 1983]

§ 240.8 Processing of checks.

(a) *Federal Reserve Banks.* (1) Federal Reserve Banks shall cash checks for government disbursing officers when such checks are drawn by the disbursing officers to their own order. Payment of such checks shall not be refused except for alteration or forged signature of the drawer.

(2) Federal Reserve Banks shall not be expected to cash government checks presented direct to them by the general public.

(3) As a depository of public funds each Federal Reserve Bank shall: (i) Receive checks from its member banks, nonmember clearing banks, or other depositors, when indorsed by such banks or depositors who guarantee all prior indorsements thereon, (ii) give immediate credit therefor in accordance with their current Time Schedules and charge the amount of the checks cashed or otherwise received to the account of the Treasury, subject to examination and payment by the United States Treasury, and (iii) forward the checks to the Treasury. The Treasury shall return to the forwarding Federal Reserve Bank a photocopy of any check the payment of which is refused upon first examination. Federal Reserve Banks shall give immediate credit therefor in the United States Treasury's account, thereby reversing the previous charge to the account for such check.

(b) *Depositaries outside of the mainland of the United States.* Banks outside of the mainland of the United States designated as depositaries of public money and permitted to charge checks to the General Account of the United States Treasury shall be governed by the operating instructions contained in the letter of authorization to them from the Fiscal Assistant Secretary and shall assume the obligations of presenting banks set forth in §§ 240.4 and 240.5. Checks charged to the General Account of the United States Treasury shall be shipped to the Treasury with the daily transcript of account in which they are charged. The Treasury shall return to the presenting depositary bank a photocopy of any check the payment of which is refused. The depositary bank shall give immediate credit therefor in the General Account of the United States Treasury, thereby reversing the previous charge to the Account for such check.

[39 FR 20967, June 17, 1974, as amended at 41 FR 43903, Oct. 5, 1976. Redesignated at 48 FR 49017, Oct. 24, 1983, and amended at 49 FR 38265, Sept. 28, 1984]

§ 240.9 Release of original checks.

An original check may be released to a responsible indorser only upon receipt of a properly authorized request showing the reason it is required.

[Dept. Circ. 21, 2d Rev., 32 FR 14217, Oct. 13, 1967. Redesignated at 39 FR 20967, June 17, 1974, and 48 FR 49017, Oct. 24, 1983]

INDORSEMENT OF CHECKS

§ 240.10 Indorsement by payees.

(a) *General requirements.* Checks shall be indorsed by the payee or payees named, or by another on behalf of such payees as set forth in this part.

(b) *Checks indorsed by the payee or payees named.* When a check is indorsed by the payee or payees named, the forms of indorsement shall conform to those recognized by general principles of law and commercial usage for negotiation, transfer or collection of negotiable instruments.

(c) *Checks indorsed by another on behalf of the named payee or payees*—(1) *Acceptable indorsement.* The only acceptable indorsement of a check by another on behalf of the named payee or payees (except when a check is indorsed by a financial institution under the payee's or payees' authorization) is one which indicates that the person indorsing is doing so on behalf of the named payee or payees. Such an acceptable indorsement shall include the signature of the indorser and sufficient wording to indicate that the indorser is indorsing on behalf of the named payee or payees, pursuant to authority expressly conferred by or under law or other regulation. An example would be: "John Jones by Mary Jones". This example states the minimum indication acceptable. However, §§ 240.9(a)(1), 240.10(a)(1) and 240.12(d) specify the addition of an indication in specified situations of the actual capacity in which the person other than the named payee is indorsing. Checks indorsed "for collection" or "for deposit only to the credit of the within named payee or payees", are acceptable without any signature. However, in the absence of a signature, the presenting bank will be deemed to guarantee its good title to such checks to all subsequent indorsers and to Treasury.

(2) *Unacceptable indorsement.* The indorsement by another on behalf of the named payee or payees, which consists of the name(s) of the payee(s), whether as purported signature(s) or otherwise, and *not* the signature of the person other than the named payee or payees indorsing the check, regardless of the relationship between the indorser and the named payee or payees, will be rebuttably presumed to be a forgery and is unacceptable. The indorsement by a person who purports to indorse for the named payee(s) with an indorsement consisting of the name(s) of the payee(s), whether as purported signature(s) or otherwise, and the indorsing person's signature and no indication of the indorsing person's representative capacity, will create a rebuttable presumption that the indorsing person was not authorized to indorse for the named payee(s). In these circumstances it is the responsibility of the individual or institution accepting a check from a person other than the named payee(s) to determine that such person is authorized and has the capacity to indorse and negotiate the check. Evidence of the basis for such a determination may be required by the Treasury in the event of a dispute.

(d) *Indorsement of checks by a financial institution under the payee's authorization.* When a check is credited by a financial institution to the payee's account under the payee's or payees' authorization, the financial institution may use an indorsement substantially as follows: "Credit to the account of the within-named payee in accordance with the payee's or payees' instructions. XYZ". A financial institution using this form of indorsement will be deemed to guarantee to all subsequent indorsers and to the Treasury that it is acting as an attorney-in-fact for the payee or payees, under the payee's or payees' authorization, and that this authority is currently in force and has neither lapsed nor been revoked either in fact or by the death or incapacity of the payee or payees.

(e) *Indorsement of checks drawn in favor of financial institutions.* All checks drawn in favor of financial institutions, for credit to the accounts of persons designated payment so to be made, shall be indorsed in the name of the financial institutions as payee in the usual manner. Financial institutions receiving and indorsing such checks shall comply fully with Part 209 of this chapter.

(f) *Social Security benefit checks issued jointly to individuals of the same family.* A social security benefit check issued jointly to two or more individuals of the same family shall, upon the death of one of the joint payees prior to the negotiation of such check, be returned to the Social Security District Office or to the Treasury Regional Financial Center. Payment of the check to the surviving payee or payees may be authorized by placing on the face of the check a stamped legend signed by an official of the Social Security Administration or the Treasury Regional Financial Center, redesignating such survivor or survivors as the payee or payees of the check. A check bearing such stamped legend, signed as herein prescribed, may be indorsed and negotiated by the person or persons named as if such check originally had been drawn payable to such person or persons.

[45 FR 1021, Jan. 4, 1980, as amended at 45 FR 5698, Jan. 24, 1980; 45 FR 7260, Feb. 1, 1980. Redesignated at 48 FR 49017, Oct. 24, 1983, and amended at 49 FR 47002, Nov. 30, 1984; 50 FR 263, Jan. 3, 1985]

§ 240.11 Checks issued to incompetent payees.

(a) *Classes of checks which may be indorsed by guardian or fiduciary.* Where the payee of a check of any class listed in § 240.10(a) has been declared incompetent:

(1) If a check is indorsed by a legal guardian or other fiduciary, such legal guardian or fiduciary shall include, as a part of the indorsement, an indication of the capacity in which the legal guardian or fiduciary is indorsing. An example would be, "John Jones by Mary Jones, guardian of John Jones". When a check indorsed in this fashion is presented for payment by a bank, it will be paid by the Treasury without submission to the Treasury of documentary proof of the authority of the guardian or other fiduciary, with the understanding that evidence of such claimed authority to indorse may be required by the Treasury in the event of a dispute.

(2) If a guardian has not been or will not be appointed, and if the check: (i) Was issued in payment of goods and services, tax refunds or redemption of currency, it shall be forwarded for advice to the Financial Management Service, Check Claims Group, Washington, DC 20226, or

(ii) Was issued in payment of principal or interest on U.S. securities, it shall be forwarded to the Bureau of the Public Debt, Division of Loans and Currency, Washington, DC 20226, with a full explanation of the circumstances.

(b) *Classes of checks which may not be indorsed by guardian or fiduciary.* Where the payee of a check of any other class has been declared incompetent, the check shall not be indorsed by a guardian or other fiduciary. The check shall be returned to the government agency for which issued with information as to the incompetency of the payee and submission of documentary evidence showing the appointment of the guardian or other explanation in order that a replacement check, and others to be issued subsequently, may be drawn in favor of the guardian.

[Dept. Circ. 21, 2d Rev., 32 FR 14217, Oct. 13, 1967. Redesignated at 39 FR 20967, June 17, 1974, and amended at 45 FR 1022, Jan. 4, 1980. Redesignated at 48 FR 49017, Oct. 24, 1983, and amended at 49 FR 47002, Nov. 30, 1984]

§ 240.12 Checks issued to deceased payees.

(a)(1) *Classes of checks which may be indorsed by an executor or administrator.* Checks issued for the classes of payments indicated below, the right to which under law does not terminate with the death of the payee, when indorsed by an executor or administrator, shall include, as part of the indorsement, an indication of the capacity in which the executor or administrator is indorsing. An example would be: "John Jones by Mary Jones, executor of the estate of John Jones". Such checks, when presented for payment by a bank, will be paid by the Treasury without the submission of documentary proof of the authority of the executor or administrator, with the understanding that evidence of such claimed authority to indorse may be required by the Treasury in the event of a dispute. The classes of payments to which this subsection refers are:

(i) Payments for the redemption of currencies or for principal or interest on U.S. securities.

(ii) Payments for tax refunds.

(iii) Payments for goods and services.

(2) If an executor has not been appointed, persons claiming as owners shall return the checks for appropriate handling to the Government agency for which issued. If there is doubt as to whether the proceeds of the check or checks pass to the estate of the deceased payee, the checks shall be handled in accordance with paragraph (b) of this section.

(b) *Classes of checks which may not be indorsed by an executor or administrator.* Checks issued for classes of payment other than those specified in paragraph (a) of this section may not be negotiated after the death of the payee but must be returned to the Government agency for which issued for determination whether, under applicable laws, payment is due and to whom it may be made.

[Dept. Circ. 21, 2d Rev., 32 FR 14217, Oct. 13, 1967, as amended at 45 FR 1022, Jan. 4, 1980. Redesignated at 48 FR 49017, Oct. 24, 1983]

§ 240.13 Checks issued to minor payees in certain cases.

Checks issued to minors in payment of principal or interest on U.S. securities may be indorsed by either parent with whom the minor resides, or, if the minor does not reside with either parent, by the person who furnishes his chief support. The parent or other person indorsing in behalf of the minor shall present with the check his signed statement giving the minor's age, stating that the payee either resides with the parent or receives his chief support from the person indorsing in his behalf, and that the proceeds of the checks will be used for the minor's benefit.

[Dept. Circ. 21, 2d Rev., 32 FR 14217, Oct. 13, 1967. Redesignated at 39 FR 20967, June 17, 1974, and 48 FR 49017, Oct. 24, 1983]

§ 240.14 Powers of attorney.

(a) *Specific powers of attorney.* Any check may be negotiated under a specific power of attorney executed after the issuance of the check and describing it in full.

(b) *General powers of attorney.* Checks issued for the following classes of payments may be negotiated under a general power of attorney in favor of an individual, financial institution or other entity:

(1) Payments for the redemption of currencies or for principal or interest on U.S. securities.

(2) Payments for tax refunds, but subject to the limitations concerning the mailing of internal revenue refund checks contained in 26 CFR 601.506(b).

(3) Payments for goods and services.

(c) *Special powers of attorney.* Under decisions of the Comptroller General of the United States, classes of checks other than those specified in paragraph (b) of this section may be negotiated under a special power of attorney which names a financial institution as attorney in fact, and recites that it is not given to carry into effect an assignment of the right to receive payment, either to the attorney in fact or to any other person.

(d) *Proof of authority.* Checks indorsed by an attorney-in-fact shall include, as part of the indorsement, an indication of the capacity in which the attorney-in-fact is indorsing. An example would be: "John Jones by Paul Smith, attorney-in-fact for John Jones". Such checks when presented for payment by a bank, will be paid by Treasury without the submission of documentary proof of the claimed authority, with the understanding that evidence of such claimed authority to indorse may be required by the Treasury in the event of a dispute.

(e) *Revocation of powers of attorney.* Powers of attorney are revoked by the death of the grantor and may also be revoked by notice from the grantor to the parties known, or reasonably expected, to be acting on the power of attorney. Notice of revocation to the Treasury will not ordinarily serve to revoke the power.

(f) *Acknowledgment of powers of attorney.* Where desirable or where required by foreign, state or local law, powers of attorney shall be acknowledged before a notary public or other officer authorized by law to administer oaths generally.

(g) *Seal or certificate of attesting officers.* Where acknowledgment of powers of attorney is desirable or required pursuant to paragraph (f) of this section, seals of attesting officers shall be impressed or stamped upon the power of attorney form, or the power of attorney shall be accompanied by a certificate from an appropriate official showing that the officer was in commission on the date of acknowledgment.

(h) *Forms.* Power of attorney forms issued under this part are listed in the appendix to this part. They may be obtained from the Superintendent of Documents, Government Printing Office, Washington, DC 20402.

[Dept. Circ. 21, 2nd Rev., 32 FR 14217, Oct. 13, 1967, as amended at 35 FR 6707, Apr. 28, 1970; 39 FR 2481, Jan. 22, 1974. Redesignated at 39 FR 20967, June 17, 1974, and amended at 39 FR 41174, Nov. 25, 1974; 39 FR 41709, Dec. 2, 1974; 45 FR 1022, Jan. 4, 1980. Redesignated at 48 FR 49017, Oct. 24, 1983, as amended at 50 FR 253, Jan. 3, 1985]

APPENDIX—STANDARD FORMS FOR POWER OF ATTORNEY AND THEIR APPLICATION

Standard Form 231. A general power of attorney on this form may be executed by an individual, firm, or sole owner, for checks drawn on the United States Treasury, in payment: (1) For redemption of currencies or for principal or interest on U.S. securities, (2) for tax refunds, and (3) for goods and services.

Standard Form 232. A specific power of attorney on this form, which must be executed after the issuance of the check, describing the check in full, may be used to authorize the indorsement of any class of check drawn on the United States Treasury.

Standard Form 233. A special power of attorney on this form naming a financial organization as attorney in fact and reciting that it is not given to carry into effect an assignment of the right to receive payment, either to the attorney in fact or to any other person, may be used for classes of payments other than those shown under Standard Form 231.

Standard Form 234-5. A general power of attorney may be executed by a corporation for the classes of payment listed under Standard Form 231.

Standard Form 236-7. A specific power of attorney may be executed on this form by a corporation to cover a specific check for any class of payment.

[Dept. Circ. 21, 2nd Rev., 32 FR 14217, Oct. 13, 1967, as amended at 35 FR 6708, Apr. 28, 1970; 39 FR 41175, Nov. 25, 1974]

PART 245—ISSUE OF SUBSTITUTES OF LOST, DESTROYED, MUTILATED AND DEFACED CHECKS DRAWN ON THE UNITED STATES TREASURY

Sec.

245.1 Introductory.
245.2 Advice of nonreceipt or loss.
245.3 Request for substitute check; requirements for undertaking of indemnity; execution of applications in foreign countries.
245.4 Issuance of substitute check.
245.5 Receipt or recovery of original check.
245.6 Removal of stoppage of payment.
245.7 Performance of functions of the Commissioner.
245.8 Delegation of authority to Secretary of Defense to issue substitute checks.

AUTHORITY: R.S. 3646, as amended; 31 U.S.C. 528 and Treasury Department Order No. 177-16, Dec. 18, 1957, 22 FR 10761.

§ 245.1 Introductory.

This part, governing the issuance of substitutes of checks drawn on the United States Treasury other than those drawn by officers or employees of the Post Office Department, is prescribed pursuant to the provisions of section 3646 of the Revised Statutes of 1873, as amended (31 U.S.C. 3321), and of Treasury Department Order No. 177-16, dated December 18, 1957, 22 FR 10761, and shall be effective immediately.

[Dept. Cir. 1001, Rev., 27 FR 8491, Aug. 24, 1962. Redesignated at 39 FR 20968, June 17, 1974, and amended at 49 FR 47002, Nov. 30, 1984]

§ 245.2 Advice of nonreceipt or loss.

(a) In the event of the nonreceipt, loss, or destruction of a check drawn on the United States Treasury, or the mutilation or defacement of such a check to an extent which renders it nonnegotiable, the owner, better to protect his interest, should immediately notify the drawer, describing the check, stating the purpose for which it was issued, giving, if possible, its date, number and amount, and requesting that payment be stopped. If the name or address of the drawer is not known the request for stoppage of payment should be sent to the Commissioner of the Financial Management Service, stating the purpose for which the check was issued, the name of the department or agency authorizing the payment and if possible, the date, number and amount of the check. In cases involving mutilated or defaced checks, the owner should enclose the mutilated or defaced check with his communication to the drawer or Commissioner.

(b) Upon receipt of advice from an owner as to the nonreceipt, loss, destruction, mutilation, or defacement of a check, the drawer will, if appropriate, transmit the owner's letter (together with the mutilated or defaced check in cases involving such checks) to the Commissioner of the Financial Management Service, Washington, DC 20226, or other bank through which the check is payable, as the case may be, together with a request by the drawer for stoppage of payment which includes a certification as to the accuracy of the check description and that it was properly issued.

(c) If the check, which is the basis of the owner's claim, is determined to be outstanding, the Commissioner's Office will furnish the claimant an appropriate application form for obtaining a substitute check. However, the execution of an application will not be required in the event the original written statement submitted by the claimant substantially meets the requirements of the prescribed application form.

[39 FR 20963, June 17, 1974, as amended at 49 FR 47001, Nov. 30, 1984]

§ 245.3 Request for substitute check; requirements for undertaking of indemnity; execution of applications in foreign countries.

(a) In any case, the Commissioner of the Financial Management Service may require an undertaking of indemnity in a penal sum equal to the amount of the original check, with such surety or other security as the Commissioner believes is necessary. However, an undertaking will generally not be required in the following classes of cases:

(1) Any claim for Federal recurring payments and salary payments.

(2) Any claim for payments covered by an agreement between the Financial Management Service and the Internal Revenue Service regarding checks for tax refunds.

(3) Any claim for a check in an amount less than $2,000.

(4) Any claim in which the owner or holder is the United States or an officer or employee thereof in his or her official capacity, a State, the District of Columbia, a Territory or possession of the United States, a municipal corporation or political subdivision of any of the foregoing, a corporation the entire capital of which is owned by the United States, a foreign government, or a Federal Reserve Bank.

(5) If substantially the entire check is presented and surrendered by the owner or holder and the Commissioner of the Financial Management Service is satisfied as to the identity of the check presented and that any missing portions are not sufficient to form the basis of a valid claim against the United States.

(6) If the Commissioner of the Financial Management Service is satisfied that the original check is not negotiable and cannot be made the basis of a valid claim against the United States.

(b) Any time an undertaking of indemnity is required, a surety will also be required. Persons signing as surety must be legally competent to sign, and must be outside the immediate family of the claimant, and must not have filed for personal bankruptcy within the previous two years.

(c) An application executed in a foreign country other than by an officer or an employee of the United States or a member of the Armed Forces of the United States, shall be sworn to before:

(1) A diplomatic or consular officer of the United States, or (2) an officer of the United States Army, Navy, Air Force, Marine Corps, or Coast Guard, or (3) an official of such foreign country authorized by law to administer oaths generally, and such foreign official shall affix his official seal, if any, and a diplomatic or consular officer of the United States shall certify that the foreign official who administered the oath was duly authorized under the laws of such foreign country so to act.

[39 FR 20968, June 17, 1974, as amended at 43 FR 59059, Dec. 19, 1978; 44 FR 6096, Jan. 31, 1979; 49 FR 47001, Nov. 30, 1984]

§ 245.4 Issuance of substitute check.

Upon approval of the undertaking of indemnity, application or statement of claim by the Commissioner of the Financial Management Service and upon certification of that fact to the Director, Operations Group of the United States, the Director, Operations Group or his designee shall issue to the claimant a substitute check showing such information as may be necessary to identify the original check.

[Dept. Cir. 1001, Rev., 27 FR 8491, Aug. 24, 1962. Redesignated at 39 FR 20968, June 17, 1974, and amended at 49 FR 47001, 47002, Nov. 30, 1984]

§ 245.5 Receipt or recovery of original check.

(a) If the original check is received or recovered by the owner after he has requested the drawer or the Commissioner of the Financial Management Service to stop payment on the original check but before a substitute check has been received, he should immediately advise the drawer or the Commissioner, as the case may be, and hold such check until receipt of instructions with respect to the negotiability of such check.

(b) If the original check is received or recovered by the owner after a substitute has been received by him, the original shall not be cashed, but shall be immediately forwarded to the Commissioner of the Financial Management Service, Washington, DC 20226. Under no circumstances should both the original and substitute checks be cashed.

[39 FR 20969, June 17, 1974, as amended at 49 FR 47001, Nov. 30, 1984]

§ 245.6 Removal of stoppage of payment.

Requests for removal of stoppage of payment shall be addressed by the drawer to the Commissioner of the Financial Management Service, or other bank through which the check is payable, as the case may be. No request for removal of stoppage of payment shall be accepted by the Commissioner or other bank through which the check is payable, after issuance of a substitute check has been approved.

[39 FR 20969, June 17, 1974, as amended at 49 FR 47001, Nov. 30, 1984]

§ 245.7 Performance of functions of the Commissioner.

The Commissioner of the Financial Management Service may authorize any officer of the Treasury Department to perform any of his functions under this part and to redelegate such authority within such limits as the Commissioner may prescribe.

[39 FR 20969, June 17, 1974, as amended at 49 FR 47001, Nov. 30, 1984]

§ 245.8 Delegation of authority to Secretary of Defense to issue substitute checks.

The Secretary of Defense is authorized to provide by regulations for the issuance of substitutes of checks drawn for pay and allowances of civilian employees and active duty military personnel which are lost, stolen, or destroyed:

(a) In shipment, between military offices or installations,

(b) In the mail when addressed by military disbursing officers directly to employees, service members or dependents of service members, or

(c) In the mail when addressed by military disbursing officers to designated financial institutions for credit to accounts of employees, service members or dependents of service members.

The Secretary of Defense may redelegate such authority within the Department of Defense.

[Dept. Circ. 1001, Rev., 34 FR 1601, Feb. 1, 1969]

PART 248—ISSUE OF SUBSTITUTES OF LOST, STOLEN, DESTROYED, MUTILATED AND DEFACED CHECKS OF THE UNITED STATES DRAWN ON ACCOUNTS MAINTAINED IN DEPOSITARY BANKS IN FOREIGN COUNTRIES OR UNITED STATES TERRITORIES OR POSSESSIONS

Sec.
248.1 Introductory.

DELEGATION OF AUTHORITY

248.2 Delegation of authority to issue substitute checks.

ACTION TO BE TAKEN BY CLAIMANTS

248.3 Advice of nonreceipt or loss.
248.4 Undertaking of indemnity.
248.5 Exception to requirement of undertaking of indemnity Form 2244.
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248.7 Claims requiring settlement action.
248.8 Inquiries.
248.9 Amendments and waivers.

AUTHORITY: R.S. 3646, as amended; 31 U.S.C. 528.

SOURCE: 1960 Department Circular 1055, 25 FR 10869, Nov. 16, 1960, unless otherwise noted. Redesignated at 39 FR 20969, June 17, 1974.

§ 248.1 Introductory.

This part, prescribed pursuant to the provisions of section 3646 of the Revised Statutes, as amended (31 U.S.C. 528), governs the issuance of substitutes of checks of the United States drawn on United States dollar or foreign currency accounts, other than those drawn by officers or employees of the Post Office Department, maintained with designated depositaries in foreign countries or territories or possessions of the United States, including the Panama Canal Zone. Checks of the United States drawn on such depositaries are hereinafter referred to as "depositary checks".

DELEGATION OF AUTHORITY

§ 248.2 Delegation of authority to issue substitute checks.

Pursuant to authority contained in section 3646 of the Revised Statutes, as amended, and subject to such procedural requirements as may be prescribed by the Treasury Department, there is hereby delegated to heads of departments and agencies whose disbursing officers issue depositary checks, authority to authorize officers or employees of their respective departments or agencies to issue substitutes of such checks, prior to the close of the fiscal year next following the fiscal year in which the checks are issued, and to receive and approve undertakings to indemnify the United States in such cases. The Commissioner of the Financial Management Service, Treasury Department, is hereby delegated authority to issue substitutes of depositary checks drawn by the Director, Operations Group, Treasury Department, or by officers disbursing under delegation from the Director, Operations Group, and to receive and approve undertakings of indemnity in such cases. The authority delegated to the Commissioner of the Financial Management Service may be redelegated by him to such disbursing officers.

[39 FR 20969, June 17, 1974, as amended at 49 FR 47001, 47002, Nov. 30, 1984]

ACTION TO BE TAKEN BY CLAIMANTS

§ 248.3 Advice of nonreceipt or loss.

The payee or owner of a depositary check which is not received, or which has been lost, stolen, destroyed or mutilated or defaced to such an extent that it is rendered non-negotiable, should immediately notify the disbursing officer who issued such check or the administrative agency exercising jurisdiction over such disbursing officer, over his signature and current address, giving information as to the circumstances of the loss, theft or destruction of the check and whether it was endorsed, and also requesting that payment of the check be stopped. A claimant who is one other than the payee of the check, should present a statement in support of his ownership of the check. If the check has been mutilated or defaced, it should be forwarded to the issuing disbursing officer with request for the issuance of a substitute.

§ 248.4 Undertaking of indemnity.

(a) If the check is found to be outstanding and unpaid and it appears that the proceeds are due the claimant, the disbursing officer will request the claimant to execute an undertaking of indemnity, Form 2244, in a penal sum equal to the amount of the check (or checks).

(b) Except in the circumstances set forth below, a corporate surety authorized by the Secretary of the Treasury to act as an acceptable surety on bonds in favor of the United States or two responsible individual sureties will be required on the undertaking of indemnity. It will be the responsibility of the claimant in a foreign country to secure a certification as to the financial sufficiency of the individual sureties executed by one of the persons listed in, and in the manner prescribed by, the instruction appearing under the Certificate as to Sureties on the face of Form 2244.

(c) Where the amount of the original check (or checks) is $200 or less, or the equivalent in foreign currency, one financially responsible individual surety may be accepted.

(d) Unless it is determined that the requirement of sureties is essential in the public interest, sureties will not be required under the following circumstances:

(1) If the officer authorized to issue a substitute check is satisfied that the loss, theft, destruction, mutilation or defacement of the original check occurred without fault of the owner or holder and while the check was in the custody or control of the United States or of a person duly authorized as an agent of the United States when performing services in connection with an official function of the United States;

(2) If substantially the entire check is presented and surrendered by the owner or holder and the disbursing officer is satisfied as to the identity of the check presented and that any missing portions are not sufficient to form the basis of a valid claim against the United States;

(3) If the owner or holder is the United States or an officer or employee thereof in his official capacity, a State, the District of Columbia, a territory or possession of the United States, a municipal corporation or political subdivision of any of the foregoing, a corporation the entire capital of which is owned by the United States, a foreign government or agency thereof, a foreign central bank, or a Federal Reserve Bank.

§ 248.5 Exception to requirement of undertaking of indemnity Form 2244.

Notwithstanding the provisions of § 368.4, if in any case involving a financially responsible claimant it is impracticable to obtain the execution of Standard Form 2244, with or without sureties, the officer or employee responsible for handling the claim, in his discretion, may accept an undertaking of indemnity in the form of a written statement or letter, substantially as follows:

> In consideration of the issuance of a substitute check in lieu of ————————
>
> (Check description)
>
> and the payment of the substitute check, the undersigned undertakes and agrees to save harmless and indemnify the United States of America, its officers and agents, of and from any and all liability, loss, expense, claim, and demand whatsoever, arising in any manner by reason of or on account of said original check (or checks) or the stoppage or payment thereof, or the issue or payment of the substitute check (or checks), to replace the same.

The undertaking of indemnity should be appropriately witnessed, and if it is executed on behalf of a corporation or other business organization, the individual executing the same should furnish proof of this authority to so act. In appropriate cases, a foreign language translation of the foregoing letter of indemnity may be accepted.

§ 248.6 Recovery of original check.

(a) If the claimant recovers an original check after he has furnished advice of non-receipt but before receipt of a substitute check, he should

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immediately notify the disbursing officer or agency concerned and hold the check until receipt of advice from the disbursing officer or agency concerned regarding the negotiability of such original check.

(b) In the event the substitute check has been received prior to the recovery of the original check, the original check should be returned immediately to the disbursing officer.

(c) Under no circumstances should the claimant attempt to cash both the original and substitute check.

§ 248.7 Claims requiring settlement action.

There are certain types of claims on which the disbursing officer will not be authorized to take final action. These include:

(a) Claims on original checks which have been outstanding more than one full fiscal year following the fiscal year in which the checks were issued, and (b) claims involving doubtful questions of law and fact. In such cases the disbursing officer will obtain information and supporting papers, including an undertaking of indemnity, from the claimant and transmit such data to the Claims Division, General Accounting Office, for settlement action.

§ 248.8 Inquiries.

Claimants should direct any inquiries regarding the application of these regulations to the department or agency or disbursing officer concerned.

§ 248.9 Amendments and waivers.

The Treasury Department may waive, withdraw or amend at any time or from time to time any or all of the foregoing regulations.

PART 250—PAYMENT ON ACCOUNT OF AWARDS OF THE FOREIGN CLAIMS SETTLEMENT COMMISSION OF THE UNITED STATES

Sec.

250.1 Scope of regulations.
250.2 Forms.
250.3 Voucher applications.
250.4 Payment on awards.
250.5 Manner of payment.
250.6 Powers of attorney.
250.7 Additional evidence.

AUTHORITY: Sec. 7, 64 Stat. 16, sec. 310, 69 Stat. 573, sec. 413, 72 Stat. 530, sec. 213, 76 Stat. 1111; 22 U.S.C. 1626, 1641i, 1642*l*, 50 U.S.C. App. 2017*l*.

§ 250.1 Scope of regulations.

The regulations in this part govern payment by the Department of the Treasury on awards made and certified to the Secretary of the Treasury by the Foreign Claims Settlement Commission under the International Claims Settlement Act of 1949, as amended (22 U.S.C. 1621 et seq.), and Title II of the War Claims Act of 1948 (50 U.S.C. App. 2017 et seq.).

[Dept. Circ. 881, 34 FR 1897, Feb. 8, 1969]

§ 250.2 Forms.

The forms referred to in §§ 250.3 and 250.4 shall be used in connection with the payment of awards hereunder. Voucher applications for all payments will be mailed to awardees by the Financial Management Service, Treasury Department, Washington, DC 20226, without request therefor by awardees.

[Dept. Circ. 881, Rev., 31 FR 9418, July 9, 1966, as amended at 49 FR 47001, Nov. 30, 1984]

§ 250.3 Voucher applications.

(a) *Execution of voucher by person named.* No payment of any part of the amount due on account of an award will be made unless a voucher application therefor properly executed (preferably in ink or indelible pencil) is received by the Treasury Department. A voucher application for each payment on account of an award must be signed by each person whose name appears on such voucher application as payee exactly as his name appears thereon, with the following two exceptions:

(1) If only the name of the payee, and not his identity, has changed, the payee shall sign the voucher application with his changed name and return it to the Financial Management Service, Treasury Department, Washington, DC 20226; the voucher application shall be accompanied by an explanatory affidavit and appropriate supporting documents, e.g., a copy of a marriage certificate or court order of change of name.

(2) If the identity of the payee has changed, paragraph (b) of this section shall apply. A signature by mark (X) must be witnessed by two persons; the signature and address of each must appear on the voucher application. In the case of a corporation the voucher application must be signed by an appropriate officer thereof having authority to do so, whose authority to sign on behalf of the corporation must be duly certified to thereon over the seal of the corporation.

(b) *Execution of voucher by other person.* If the person named in the voucher application as payee is no longer the proper person to receive the payment by reason of assignment, incompetency or death, or of termination of a partnership or corporation named, the voucher shall be executed by the person entitled to payment as provided in § 250.4 and returned to the Investments Branch with the relevant information and the appropriate supporting documents required by that section.

[Dept. Circ. 881, Rev., 31 FR 9418, July 9, 1966, as amended at 49 FR 47001, Nov. 30, 1984]

§ 250.4 Payment on awards.

Payment will be made only to the person or persons on behalf of whom the award is made, except in the following circumstances:

(a) If such person is incompetent, payment will be made to his guardian, committee, or other equivalent legal representative. The law of the residence of the incompetent will determine whether the legal representative must be court appointed. If court appointment is required, the legal representative shall submit a certificate of the clerk of the appointing court, under its seal, dated within 6 months of the date of the voucher application for payment, showing that his appointment is in full force and effect. If court appointment is not required, the legal representative shall submit a notarized statement showing:

(1) His relationship to the incompetent;

(2) The name and address of the person having care and custody of the incompetent;

(3) That any money received will be applied to the use and benefit of the incompetent, and

(4) That there was no appointment of a guardian or committee.

(b) If such person is deceased, payment will be made to his legal representative.

(1) If any payment to be made is not over $1,000 and there is no qualified executor or administrator, the legal representative will be the person found by the Comptroller General to be entitled thereto, without the necessity of compliance with the requirements of law with respect to the administration of estates, upon execution and submission of Standard Form No. 1055 to the Financial Management Service for transmittal to the Comptroller General. That form is available from the Investments Branch.

(2) In all other cases, the term legal representative shall include court-appointed or statutory administrators or executors, and successors in interest of the decedent, e.g., his legatees or heirs as determined by an appropriate court or by the law of his residence. If administration of the decedent's estate is closed, the legal representative shall submit a copy of the appropriate court's final order of distribution or other pertinent order, identifying the distributees and their addresses. If administration continues and the legal representative is court-appointed, he shall submit a certificate of the clerk of the appointing court, under its seal, dated within 6 months of the date of the voucher application for payment, showing that such appointment is in full force and effect. If the legal representative is not court-appointed, he shall submit evidence sufficient to prove his interest and authority to apply for payment. If that evidence is a copy of the decedent's will, it shall show on its face or by attachments thereto that it has been offered for probate, and that the appropriate court has affixed its seal and attached its certification of authenticity that the will is in fact the decedent's last will and testament.

(c)—(d) [Reserved]

(e) In the case of a partnership or corporation, the existence of which has been terminated, if a receiver or trustee has been duly appointed by a court of competent jurisdiction in the United States and has not been discharged prior to the date of payment, payment will be made to such receiver or trustee in accordance with the order of the court. In the event a receiver or trustee duly appointed by a court of competent jurisdiction in the United States makes an assignment of the claim or any part thereof with respect to which an award is made, or makes an assignment of such award or any part thereof, payment will be made to the assignee as his interest may appear. In the latter circumstance, certified copies of the court orders showing the authority of the receiver or trustee to make the assignment shall be submitted with the assignment. No particular form of assignment is prescribed, but the original assignment must be submitted to, and will be retained by the Treasury Department.

(f) In the case of a partnership or corporation, the existence of which has been terminated, if no receiver or trustee has been duly appointed by a court of competent jurisdiction in the United States, or if such a receiver or trustee has been discharged prior to the date of payment without having made an assignment, payment may be made to the person or persons found by the Comptroller General of the United States to be entitled thereto. In this circumstance, the person or persons claiming payment shall submit to the Financial Management Service, Treasury Department, Washington, DC 20226, such documentary evidence as is appropriate to show his or their right to the payment.

(g) In the case of an assignment of an award or any part thereof which is made in writing and duly acknowledged and filed after such award is certified to the Secretary of the Treasury, payment may in the discretion of the Secretary of the Treasury be made to the assignee as his interest may appear. No particular form of assignment is prescribed, but the original assignment must be submitted to, and will be retained by the Treasury Department.

[Dept. Circ. 881, Rev., 31 FR 9418, July 9, 1966, as amended at 34 FR 1897, Feb. 8, 1969; 49 FR 47001, Nov. 30, 1984]

§ 250.5 Manner of payment.

Payment will be made by check drawn on the United States Treasury. Checks will be mailed to the payee at the address indicated on the voucher application, unless subsequent to the issue of the voucher application the Treasury Department receives a written request from the payee to deliver the check to him at some other address. Where the award has been entered in favor of more than one person, only one check will be drawn in making payment unless the payees specify the share of each and request separate checks.

[Department Circular 881, Revised, 31 FR 9418, July 9, 1966]

§ 250.6 Powers of attorney.

No power of attorney to sign a voucher application will be recognized but a power of attorney executed subsequent to the certification of an award to the Secretary of the Treasury to receive, endorse and collect a check given in payment on an award may be recognized. An appropriate form for such a power of attorney may be obtained from the Financial Management Service, Treasury Department, Washington, DC 20226.

[Dept. Circ. 881, Rev., 31 FR 9418, July 9, 1966, as amended at 49 FR 47001, Nov. 30, 1984]

§ 250.7 Additional evidence.

The Secretary of the Treasury or the Comptroller General of the United States may in any case require such additional information and evidence as may be deemed necessary.

[Department Circular 881, Revised, 31 FR 9418, July 9, 1966]

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PART 251—PAYMENT OF UNCLAIMED INTEREST ON CERTAIN AWARDS OF THE MIXED CLAIMS COMMISSION, UNITED STATES AND GERMANY

Sec.
251.1 Application of regulations.
251.2 Payments not applied for.
251.3 Deposit in trust fund.
251.4 Claims against trust fund.

AUTHORITY: Sec. 2(d), 45 Stat. 254, as amended.

SOURCE: 32 FR 7948, June 2, 1967, unless otherwise noted.

§ 251.1 Application of regulations.

The regulations in this part govern the disposition of the interest due on the interest-bearing principal of awards of the Mixed Claims Commission, United States and Germany, remaining unpaid because no application for payment has been filed by the person(s) entitled thereto in response to notices of payment mailed by the Financial Management Service to awardholders or their successors in interest.

[32 FR 7948, June 2, 1967, as amended at 49 FR 47001, Nov. 30, 1984]

§ 251.2 Payments not applied for.

Where no application form, properly executed by the person(s) entitled to receive an award payment on account of interest, has been received by the Treasury Department for 5 years from the date of the last payment on that award, the current payment due and payments past due but undisbursed shall, in an amount not exceeding the remaining interest-bearing principal of the award, be deemed unclaimed moneys.

§ 251.3 Deposit in trust fund.

Amounts deemed unclaimed moneys under § 251.2 shall be transferred from the German Deposit Fund to the trust fund hereby established on the books of the Treasury Department to receive them. Such transfer and deposit shall constitute payment of interest on any award to reduce its interest-bearing principal as provided in section 4(c) (8) of the Settlement of War Claims Act of 1928, as amended. The amounts so deposited shall be held in trust for the awardholder or the successor(s) in interest of the awardholder.

(Sec. 20, 48 Stat. 1233, as amended; 31 U.S.C. 725s)

§ 251.4 Claims against trust fund.

Claims for amounts deposited in the trust fund under § 251.3 shall be presented in writing to the Financial Management Service, Treasury Department, Washington, DC 20226. However, favorable action on any claim will not reestablish the interest-bearing principal on any award.

[32 FR 7948, June 2, 1967, as amended at 49 FR 47001, Nov. 30, 1984]

PART 253—PAYMENTS UNDER THE ACT OF CONGRESS APPROVED AUGUST 30, 1962, ON UNPAID BALANCES OF AWARDS OF PHILIPPINE WAR DAMAGE COMMISSION

GENERAL PROVISIONS

Sec.
253.0 Introductory.

PAYMENTS

253.1 Manner of payment.

AMENDMENT, REVISION OR WAIVER OF REGULATIONS

253.2 Reservation of right to amend, revise or waive regulations.

AUTHORITY: Sec. 5(a), 76 Stat. 412; 50 U.S.C. App. 1751-1806 note.

GENERAL PROVISIONS

§ 253.0 Introductory.

This part, governing payments on the unpaid balances of awards heretofore made by the Philippine War Damage Commission under Title I of the Philippine Rehabilitation Act of 1946, is prescribed pursuant to section 5(a) of the Act of August 30, 1962 (Pub. L. 87-616; 76 Stat. 412), which provides that such payments shall be made in accordance with such regulations as the Secretary of the Treasury may prescribe.

[27 FR 12830, Dec. 28, 1962]

PAYMENTS

§ 253.1 Manner of payment.

(a) *Generally.* Payments shall be made by disbursing officers of the Field Operations Group, Financial Management Service, Treasury Department, in accordance with certifications of the Foreign Claims Settlement Commission.

(b) *Philippine peso payments.* Payments certified by the Foreign Claims Settlement Commission for payment to claimants residing within the Republic of the Philippines shall be made by checks payable in Philippine pesos drawn on a general depositary of the United States Government in the Republic of the Philippines. Purchases of Philippine pesos required for payments shall be made, as claims are certified by the Foreign Claims Settlement Commission, by issuance of U.S. dollar checks to the Central Bank of the Philippines at the interbank rate for pesos on the dates of purchases. Amounts certified in U.S. dollars by the Foreign Claims Settlement Commission shall be converted into Philippine pesos on the basis of the rate at which the pesos to be disbursed were acquired.

(c) *U.S. dollar payments.* Payments certified by the Foreign Claims Settlement Commission for payment to claimants residing outside the Republic of the Philippines shall be made by U.S. dollar checks.

[27 FR 12830, Dec. 28, 1962, as amended at 49 FR 47002, Nov. 30, 1984]

AMENDMENT, REVISION OR WAIVER OF REGULATIONS

§ 253.2 Reservation of right to amend, revise or waive regulations.

The Secretary of the Treasury reserves the right to amend or revise these regulations or to waive any provisions thereof in appropriate circumstances.

[27 FR 12830, Dec. 28, 1962]

PART 254—PAYMENTS ON ACCOUNT OF AWARDS AND APPRAISALS IN FAVOR OF NATIONALS OF THE UNITED STATES ON CLAIMS AGAINST THE GOVERNMENT OF MEXICO

Sec.
254.1 General provisions.
254.2 Execution of vouchers.
254.3 Payments.
254.4 Powers of attorney.
254.5 Additional evidence and bonds of indemnity.
254.6 Reservation of power to revoke or amend.

AUTHORITY: Sec. 9, 56 Stat. 1062; 22 U.S.C. 661-672.

SOURCE: 1943 Department Circular 706, 8 FR 1489, Feb. 4, 1943, unless otherwise noted.

§ 254.1 General provisions.

(a) *Authority for and scope of regulations.* The following regulations governing payments in respect of the awards and the appraisals in favor of American nationals on claims against the Government of Mexico are issued under authority contained in section 161 of the Revised Statutes (5 U.S.C. 22), the act of April 10, 1935 (49 Stat. 149), the Joint Resolution of August 25, 1937 (50 Stat. 783), and the Settlement of Mexican Claims Act of 1942 (56 Stat. 1058; 22 U.S.C. 661-672).

(b) *Forms to be used.* Form of vouchers, affidavits and certificates prescribed by the Secretary of the Treasury should be used in connection with payments of awards and appraisals hereunder. Copies of such forms may be obtained from the Commissioner of the Financial Management Service, Treasury Department, Washington, DC, 20226.

(c) *Authentication of documents.* All copies of records and documents submitted in connection with the execution of vouchers must be properly authenticated.

[1943 Dept. Cir. 706, 8 FR 1489, Feb. 4, 1943, as amended at 49 FR 47001, Nov. 30, 1984]

§ 254.2 Execution of vouchers.

(a) *Necessity for signature of vouchers.* No payment of any part of the amount due in respect of an award or appraisal will be made unless a voucher therefor properly executed (preferably in ink or indelible pencil) is received by the Secretary of the Treasury. A single voucher for each part of an award or appraisal as funds become available for payment must be signed by each person in whose favor the award or appraisal was made. Each such person must sign the voucher and verify it by an affidavit sworn to before an officer authorized by law to administer oaths. If executed abroad, the affidavit must be sworn to before a diplomatic or consular officer of the United States, or, if such officer is not available, before any officer authorized by the laws of the foreign country to administer oaths, but his official character and jurisdiction must be certified by a United States diplomatic or consular officer under seal of his office. In the case of a corporation, the voucher must be signed by the appropriate officer or officers thereof having authority to do so, which officer or officers shall verify the voucher by affidavit sworn to as above prescribed, and the voucher must also be accompanied by a duly executed certificate, under the seal of the corporation, certifying to the authority of such officer or officers to execute such voucher and affidavit on behalf of the corporation.

(b) *Method of signature.* (1) The voucher must be signed by each person exactly as his name appears as "payee" therein. If any difference occurs between the name of the "payee" in the voucher and the signature to the voucher, appropriate evidence explaining the discrepancy must be furnished. Affidavits of two other persons in position to know the facts, stating of their own knowledge that the person signing the voucher is the person designated therein as "payee," and indicating the reasons for the discrepancy, will ordinarily be sufficient.

(2) A signature by mark (X) must be witnessed by two persons in addition to the officer before whom the affidavit is executed and the signature and address of each such witness should appear on the voucher and the affidavit.

§ 254.3 Payments.

(a) *To whom made.* Payments shall be made only to the person or persons on behalf of whom the award or appraisal is made except in the following circumstances:

(1) If such person is deceased and if the amount to be disbursed at any one time is in excess of $500, or, if such person is under a legal disability, payment shall be made to his legal representative. The voucher shall be executed by such legal representative and he shall verify the voucher by an appropriate affidavit. In addition, such legal representative shall submit with the voucher a copy of the order or letters of his appointment and a certificate of the clerk of the appointing court, dated not more than six months prior to the date of execution of the voucher, to the effect that such legal representative has not been discharged.

(2) If such person is deceased, the amount to be disbursed at any one time is not over $500 and there is no qualified executor or administrator, or, if an award or appraisal has been made to the estate of a deceased person and there has been no administration of such person's estate, payment may be made to the person or persons found by the Secretary of the Treasury to be entitled thereto. Evidence should be submitted to establish that administration of the estate of the decedent is not required under the laws of the decedent's domicile, that the debts of the decedent and of his estate have been paid or provided for, and that the person or persons who signed the voucher are entitled to receive payment on the award or appraisal. Such evidence will, in general, include affidavits of the person or persons claiming to be entitled to the award or appraisal setting forth the facts in detail, supported by affidavits of at least two other persons having personal knowledge of such facts, and by the official certificate or other proof of the death of the decedent. Wherever possible such supporting affidavit should be executed by public officers of the United States, or executive officers of incorporated banks or trust companies, and where this is not

possible the affidavits of the person or persons claiming to be entitled to payment should so state. Upon request there must also be submitted an affidavit or certificate from a practicing attorney or judicial officer of the State of the decedent's domicile, showing that administration of the estate of the decedent is not required under the laws of the decedent's domicile and that the person or persons signing the voucher are entitled to receive payment on the award or appraisal, and referring specifically to any pertinent statutes and judicial decisions of the courts of such State.

(3) If an award or appraisal has been made to the estate of a deceased person and the administration of such person's estate has been terminated, payment may be made to such person or persons found by the Secretary of the Treasury to be legally entitled thereto. In such case, there should be submitted with the voucher a copy of the order of distribution or any other pertinent orders in administration proceedings sufficient to prove the authority and interest of the person or persons executing the voucher, together with an appropriate affidavit verifying that the person executing the affidavit is the person who signed the voucher and is entitled under such order to receive the payment described in the voucher.

(4) In the case of a partnership or corporation, the existence of which has been terminated, payment shall be made (except as provided in paragraphs (a) (5) and (6) of this section) to the person or persons found by the Secretary of the Treasury to be entitled thereto. In such case, the voucher should be accompanied by complete evidence of the authority and interest of the person or persons signing it.

(5) If a receiver or trustee for the partnership or corporation on behalf of which the award or appraisal was made has been duly appointed by a court of competent jurisdiction in the United States and has not been discharged prior to the date of payment, payment shall be made to the receiver or trustee or in accordance with the order of the court. In such case, the voucher should be accompanied by a certified copy of the order of the court appointing such receiver or trustee and a certificate of the clerk of such court, dated not more than six months prior to the date of execution of the voucher, to the effect that such receiver or trustee has not been discharged.

(6) In the case of an assignment of an award or appraisal, or any part thereof, or an assignment (prior to the making of the award or the appraisal) of the claim, or any part thereof, in respect of which the award or appraisal was made, by a receiver or trustee for any such partnership or corporation, duly appointed by a court of competent jurisdiction in the United States, such payment shall be made to the assignee, as his interest may appear. In such case, the voucher should be accompanied by certified copies of the court's orders appointing the receiver or trustee and authorizing or confirming the assignment and by the original instrument of assignment.

(7) In the case of an assignment of an award or appraisal, or any part thereof, after its certification to the Secretary of the Treasury, made in writing and duly acknowledged and filed, payment may, in the discretion of the Secretary of the Treasury, be made to the assignee, as his interests may appear.

(b) *Forwarding of vouchers.* The voucher and all related papers should be transmitted to the Commissioner of the Financial Management Service, Treasury Department, Washington, DC 20226.

(c) *Manner of payment.* Payment will be made by check drawn on the United States Treasury. Checks will be mailed to the payee at the address indicated in the voucher unless subsequent to the execution of the voucher the Treasury Department receives a written request from the person entitled to receive payment to deliver the check to him at some other address. Where the award has been entered in favor of more than one person, only one check will be drawn in making payment, except that if the persons entitled to receive payment specify the share of each, and so request, separate checks will be drawn in accordance therewith.

[1943 Dept. Cir. 706, 8 FR 1489, Feb. 4, 1943, as amended at 49 FR 47001, Nov. 30, 1984]

§ 254.4 Powers of attorney.

No power of attorney to sign a voucher will be recognized, but a power of attorney, executed subsequent to the certification of an award or appraisal to the Secretary of the Treasury, to receive, endorse, and collect a check given in payment on an award or appraisal may be recognized. An appropriate form for such a power of attorney may be obtained from the Financial Management Service.

[1943 Dept. Cir. 706, 8 FR 1489, Feb. 4, 1943, as amended at 49 FR 47001, Nov. 30, 1984]

§ 254.5 Additional evidence and bonds of indemnity.

The Secretary of the Treasury may in any case require such additional information and evidence as may be deemed necessary and may also require a bond of indemnity with satisfactory sureties.

§ 254.6 Reservation of power to revoke or amend.

The regulations in this part may be revoked or amended at any time.

PART 256—PAYMENTS UNDER JUDGMENTS AND PRIVATE RELIEF ACTS

Sec.
256.1 Judgments against the United States.
256.2 Payment of sums appropriated in private relief acts.

AUTHORITY: 5 U.S.C. 301, 552.

§ 256.1 Judgments against the United States.

(a) Persons securing money judgments against the United States, in excess of $100,000 in any one case, in the Court of Claims are required, in order to secure payment, to file original transcripts of such judgments with the Secretary of the Treasury for certification to the Congress for appropriation. Following receipt of an application on the part of the claimant for payment of the amount appropriated by the Congress the General Accounting Office transmits a certificate of settlement to the Treasury Department. Payment is then made to the claimant by check drawn in the Treasury Department by the Field Operations Group, Financial Management Service. A similar procedure applies with respect to such judgments obtained in the Federal district courts, except that papers pertaining to such judgments are filed with the Secretary of the Treasury by the Department of Justice instead of by the claimant.

(b) A procedure similar to that outlined in paragraph (a) of this section is followed with respect to judgments not in excess of $100,000 in any one case except that the necessary documents are filed with the General Accounting Office and no action is taken by the Treasury Department prior to the receipt of a certificate of settlement from the General Accounting Office. After receipt of a certificate of settlement a check payable from a permanent appropriation established for the payment of such judgments is drawn in the Treasury Department by the Field Operations Group, Financial Management Service and mailed to the claimant in accordance with the terms of the certificate of settlement.

[23 FR 10184, Dec. 24, 1958. Redesignated at 32 FR 9562, July 1, 1967, and amended at 49 FR 47002, Nov. 30, 1984]

§ 256.2 Payment of sums appropriated in private relief acts.

Persons entitled to payment of sums appropriated in private relief acts should make application for payment to the Treasury Department, Financial Management Service, Washington, DC 20226. Upon receipt of an application, bearing the signature and mailing address of the beneficiary, the Treasury Department will effect payment.

[29 FR 13164, Sept. 23, 1964. Redesignated at 32 FR 9562, July 1, 1967, and amended at 49 FR 47001, Nov. 30, 1984]

PART 257—PAYMENT ON ACCOUNT OF DEPOSITS IN THE POSTAL SAVINGS SYSTEM

Sec.
257.1 Scope of regulations.
257.2 Application for payments by individuals.
257.3 Alternate Form.

Sec.
257.4 Interest.

AUTHORITY: 5 U.S.C. 301, 31 U.S.C. 725p, 7 GAO Manual 25.11.

NOTE: One year after enactment of the Act (July 18, 1984), no claim may be made against the Postal Savings System.

§ 257.1 Scope of regulations.

The regulations in this part govern payment by the Treasury Department to applicants for Postal Savings System (hereinafter referred to as the System) accounts from the total amount of unpaid deposits, including the accrued interest due thereon, as shown by the books of the Board of Trustees of the Postal Savings System, transferred to the Secretary of the Treasury and held in trust for liquidation by payment to proper claimants pursuant to section 1 of the Act of March 28, 1966 (39 U.S.C. Supp. III, 5228).

[33 FR 14644, Oct. 1, 1968; 33 FR 15213, Oct. 11, 1968]

§ 257.2 Application for payments by individuals.

(a) *General requirements.* (1) Applicants for payment of System accounts shall make application on Form No. 315 to the Financial Management Service, U.S. Treasury Department, Washington, DC 20226.[1] No application for less than the total amount of any account and of the interest accrued thereon will be honored. All the System certificates issued to the original depositor, signed by the applicant, and the supporting evidence as specified in paragraphs (b), (c), (d), or (e) of this section, or as determined necessary by the Secretary, shall accompany an application for payment. If all the certificates are not available, Form No. 5118 signed by the applicant shall be submitted. If duplicate certificates have been issued and paid, original certificates will not be accepted as a basis for payment.

(2) Where the forms mentioned in this part provide for certification by a postmaster, notarization of the applicant's signature shall be substituted; however, on Form No. 315 the applicant's signature alone shall suffice. Where forms provide for notarization of the applicant's signature, such notarization shall be required.

(b) *By the depositor.* Form No. 315 shall be signed by a depositor exactly as his name appears on his System certificates. If the name of the original depositor has changed, he shall sign his changed name and submit a signed explanatory statement. A signature by mark (X) must be witnessed by two persons, whose signature and address must appear.

(c) *By the legal representative of a living depositor*—(1) *Powers of attorney.* When a depositor has appointed an attorney in fact, payment will be made to the depositor in care of that attorney upon submission of:

(i) A copy of the power of attorney executed in accord with the law of the residence of the depositor, and (ii) an affidavit from the attorney that his power has not been revoked as of the date of application by the depositor's death or other means. Form No. 315 and the System certificates shall be signed so as to indicate the attorney's capacity.

(2) *Incompetency.* When the depositor is incompetent, payment will be made to his guardian, committee, or other equivalent legal representative. Principal amounts of $50 or less will be paid, with accrued interest, to the person handling the affairs of an incompetent upon submission of either a certificate of the clerk of the appointing court, dated within 6 months of the date of the application for payment, showing that such appointment is in full force and effect, or a notarized statement showing:

(i) His relationship to the incompetent depositor; (ii) the name and address of the person having care and custody of the incompetent depositor; (iii) that any money received will be applied to the use and benefit of the incompetent and (iv) that there was no appointment of a guardian or committee. For payment of principal amounts of more than $50, the law of the residence of the depositor will determine whether the legal representative must be court-appointed. If court-appointment is required, the legal representative must submit a certificate of the clerk of the appointing court, dated within 6 months of the date of the application for payment, showing that his appointment is in full force and effect. Form No. 315 and the System certificates shall be signed so as to indicate clearly the capacity of the legal representative of the living depositor.

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[1] The forms mentioned in this part were prepared and used by the Postal Service. They are hereafter available from the Financial Management Service and from local post offices where System accounts were held until their supplies of forms are exhausted.

(d) *By the legal representative of a deceased depositor.* (1) When the depositor is deceased, payment will be made to the legal representative of his estate. The term legal representative shall include court-appointed or statutory administrators or executors, and successors in interest of the depositor, e.g., his legatees or heirs as determined by an appropriate court or by the law of the residence of the depositor. Principal amounts of $50 or less will be paid, with accrued interest, to a legal representative upon completion and submission of Form No. 1681. For payment of principal amounts of more than $50:

(i) If administration of the deceased depositor's estate is closed, the legal representative shall submit a copy of the appropriate court's final order of distribution or other pertinent order, identifying the distributees and their addresses;

(ii) If administration continues and the legal representative is court-appointed, he shall submit a certificate of the clerk of the appointing court, dated within 6 months of the date of the application for payment, showing that such appointment is in full force and effect;

(iii) If the legal representative is not court-appointed he shall submit, along with a completed Form No. 1680, evidence sufficient to prove his interest and authority to apply for payment. If that evidence is a copy of the decedent's will, it shall show on its face or by attachments thereto that it has been offered for probate, and that the appropriate court has affixed its seal and attached its certification of authenticity that the will is in fact the decedent's last will and testament. Form Nos. 315, 1680, or 1681 and the System certificates shall be signed so as to indicate clearly the capacity of the legal representative of the deceased depositor.

(2) A release by a legal representative on Form No 154 in favor of any other person will be recognized. A release by a court-appointed legal representative shall be approved by the appointing court. A release shall constitute a waiver of any distributive share due the releasor and of any reimbursement claim he has for expenses incurred in connection with the depositor's last illness or death.

(e) *By the creditors of a deceased depositor.* (1) Claims against the estate of a deceased depositor by preferred creditors will be accepted on Form No. 1672. Preferred creditors may include undertakers, cemeteries, doctors and hospitals; their status and rights are determined by the law of the state of residence of the deceased depositor. Claims by preferred creditors must be supported by:

(i) Itemized bills, unreceipted if none of the claim has been paid, or receipted to the extent of the payment on the claim, and

(ii) Form No. 1690 certifying the correctness of the claim and Form No. 1680 applying for any remaining balance of the deceased depositor's account, including interest due, completed by a legal representative mentioned in paragraph (d)(1) of this section.

(2) Claims against the estate of a deceased depositor for reimbursement by a person who has paid a preferred creditor of that depositor will be accepted on Form No. 1680 supported by itemized bills receipted in his favor to the extent of his payment thereon.

(3) Form Nos. 1672, 1680, and 1690 may be revised to state the kind of preferred claim presented.

(f) *Criminal sanctions applicable.* Fines, penalties and forfeitures are imposed for the making of any false or fraudulent claim for the payment of System deposits. (18 U.S.C. 1001, 1691, and 31 U.S.C. 231).

[33 FR 14644, Oct. 1, 1968, 33 FR 15213, Oct. 11, 1968, as amended at 49 FR 47001, Nov. 30, 1984]

§ 257.3 Alternate Form.

Whenever the stock of Form No. 1680, the use of which is prescribed in this part is exhausted, or the form is otherwise unavailable, Standard Form 1055 (SF-1055)—Claim Against the United States for Amounts Due in the Case of a Deceased Creditor—may be used instead.

[38 FR 29218, Oct. 23, 1973]

§ 257.4 Interest.

(a) *Termination dates.* Interest on System accounts ceased to accrue on the anniversary dates of System certificates, which occurred between April 27, 1966, and April 26, 1967.

(b) *Limitation to one account.* If a depositor opened more than one System account, contrary to 39 U.S.C. 5210, interest will be paid only on the one account containing the larger amount, but in no event for a principal amount exceeding $2,500. Action to reclaim interest paid on more than one account will be taken as necessary.

[33 FR 14644, Oct. 1, 1968; 33 FR 15213, Oct. 11, 1968]

PART 270—AVAILABILITY OF RECORDS

Sec.

270.1 Rules governing availability of information.
270.2 Materials available for inspection and copying.
270.3 Requests for identifiable records.
270.4 Fees for services.

AUTHORITY: 5 U.S.C. 552.

§ 270.1 Rules governing availability of information.

The records of the Financial Management Service required by 5 U.S.C. 552 to be made available to the public shall be made available in accordance with the definitions, procedures and other provisions of the regulations on the Disclosure of Records of the Office of the Secretary and of other bureaus and offices of the Department issued under 5 U.S.C. 552 and published at Part 1 of Title 31 of the Code of Federal Regulations, except as provided in these regulations.

[35 FR 5113, May 26, 1970, as amended at 49 FR 47001, Nov. 30, 1984]

§ 270.2 Materials available for inspection and copying.

(a) *Materials available.* The materials in the Financial Management Service which are required by 5 U.S.C. 552(a)(2) to be made available for public inspection and copying are the following:

(1) Final opinions, as well as orders, made in the adjudication of cases. These will include final dispositions of claims on Government checks and claims for the redemption of mutilated currency of the United States which are of a precedential nature. Generally, however, the Financial Management Service does not issue orders in the adjudication of cases.

(2) Statements of policy and interpretations which have been adopted by the Bureau and are not published in the FEDERAL REGISTER.

(3) Administrative staff manuals and instructions to staff that affect a member of the public. These materials include the Treasury Fiscal Requirements Manual and such Department Circulars applicable to Financial Management Service operations, that affect a member of the public, as have not been incorporated into that manual or published as parts of Title 31 of the Code of Federal Regulations.

(4) Current indices for the foregoing materials.

(b) *Location.* The materials listed in paragraph (a) of this section issued on or after the effective date of these regulations are available for inspection and copying during office hours in the public reading room of the Treasury Department, 15th Street and Pennsylvania Avenue NW., Washington, DC 20220. Materials issued prior thereto are available in the public reading room to the extent feasible. If not so available, they may be requested as identifiable records.

[32 FR 9665, July 4, 1967, as amended at 49 FR 47001, Nov. 30, 1984]

§ 270.3 Requests for identifiable records.

(a) *Procedure.* A written request for an identifiable record shall be addressed to the Commissioner of the Financial Management Service, Washington, DC 20226. A request presented in person shall be made at the office of the Director, Division of Facilities Management, Room 100, Treasury Department, Annex 1, Pennsylvania Avenue at Madison Place.

(b) *Determination of request.* Determination as to the disclosure of a record request shall be made, subject to appeal to the Commissioner of the Financial Management Service, by the head of the division in which the record belongs and by the Assistant Commissioner for records in the Office of the Commissioner. The decision of the Commissioner shall constitute final agency action, unless he refers the appeal to the Fiscal Assistant Secretary, in which case the decision of the Fiscal Assistant Secretary shall constitute final agency action.

[32 FR 9665, July 4, 1967, as amended at 49 FR 47001, Nov. 30, 1984]

§ 270.4 Fees for services.

Fees for services performed by the Financial Management Service will be imposed and collected as set forth in this section.

(a) As to all records made available pursuant to these regulations, the following fees will be imposed and collected:

(1) For furnishing facsimile copies of records by photocopy or similar process:

Size	Each page (one side)
Up to 8½" by 14"	$0.10

(2) For furnishing facsimile copies of documents by photostatic procedures when required:

Size	First copy of each page (one side)	Additional copies of same page
Up to 9" × 12"	$0.30	$0.15
12" × 18"	.60	.30
18" × 24"	1.20	.60

(3) For certifications and validations of a record, with Treasury seal $2, without Treasury seal $1.

(4) For certifications of any determination concerning records made under this part, with Treasury seal $2, without Treasury seal $1. This fee will not be imposed or collected for a written determination, not certified, concerning records.

(5) For making available a record by mail an appropriate fee to cover the cost of postage and any packaging or special handling.

(b)(1) For searching of documents covering mortgages, releases, assignments, claims, loans, deeds, etc., $6.25 per hour with a minimum fee of $3.

(2) For furnishing special fiscal data that has not been published at the time of request $12 an hour with a minimum fee of $6.

(c) No charge will be made for services performed at the request of other Government agencies or officers thereof acting in their official capacities.

[35 FR 5113, May 26, 1970, as amended at 49 FR 47001, Nov. 30, 1984]

PART 281—FOREIGN EXCHANGE OPERATIONS

Sec.
281.1 Authority.
281.2 [Reserved]
281.3 Collections.
281.4 Guaranty funds.
281.5 Depositaries.
281.6 Withdrawals from Treasury accounts.
281.7 Limitations.
281.8 Reporting and accounting.
281.9 General provisions.

AUTHORITY: Sec. 114, 64 Stat. 836, sec. 613, 75 Stat. 443; 31 U.S.C. 66b, 22 U.S.C. 2363, E.O. 10488, 18 FR 5699, 3 CFR, 1949-1953 Comp., p. 972, E.O. 10900, 26 FR 143, 3 CFR, 1959-1963 Comp., p. 429.

SOURCE: Department Circular 930, Revised, 26 FR 10054, Oct. 26, 1961, unless otherwise noted.

§ 281.1 Authority.

By virtue of the authority vested in the Secretary of the Treasury by section 114 of the Budget and Accounting Procedures Act of 1950, 64 Stat. 836, 31 U.S.C. 66b; section 613 of the Act of September 4, 1961, 75 Stat. 443; Executive Order No. 10488, 18 FR 5699, 3 CFR 1949-1953 Comp.; and Executive Order No. 10900, 26 FR 143, the following regulations are prescribed for administration of the purchase custody, deposit, transfer, sale and reporting of foreign exchange (including credits and currencies) by executive departments and agencies (hereinafter referred to as agencies).

§ 281.2 [Reserved]

§ 281.3 Collections.

Foreign exchange collected by agencies shall be delivered promptly into the custody of accountable officers for credit to accounts of the Secretary of the Treasury (hereinafter referred to as the Secretary) unless otherwise directed by the Secretary. The term "collections," for the purpose of these regulations in this part, does not include foreign exchange acquired by the United States by purchase with dollars. The accountable officer shall maintain records, showing the collections, by source, and indicating the miscellaneous receipt accounts or other accounts in the Treasury to be credited with dollar proceeds from sale of the foreign exchange, and such further classifications as may be needed to indicate exchange which can be used only for restricted purposes. Accountable officers shall be advised by the collecting agencies of the source of collections and any restrictions on the use of the foreign exchange in order that the foregoing records may be maintained.

§ 281.4 Guaranty funds.

The regulations in this part are applicable to all foreign exchange acquired by the United States under guaranty provisions of section 1011 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1442), except that receipts of such foreign exchange shall be deposited in the foreign exchange accounts of the United States Treasury referred to in § 281.5(c).

§ 281.5 Depositaries.

(a) Except as provided in paragraph (b) of this section, foreign exchange which is held by accountable officers for account of the Secretary and foreign exchange acquired by accountable officers by purchase or otherwise, which is not immediately disbursed but is held by such officers for their own account or for the account of any agency, shall be maintained only in depositaries designated by the Secretary. Unless otherwise directed by the Secretary, accountable officers are not required to have separate depositary accounts for foreign exchange held for the Secretary's account.

(b) Accountable officers may carry foreign exchange as cash outside depositaries only pursuant to authority granted in accordance with Treasury Department Circular No. 1030 dated July 24, 1959, as amended.

(c) Deposits in and withdrawals from foreign exchange accounts maintained with depositaries in the name of the United States Treasury will be made only as directed by the Secretary.

§ 281.6 Withdrawals from Treasury accounts.

Foreign exchange shall be withdrawn from accounts of the Secretary on the books of accountable officers or from the foreign exchange accounts carried with depositaries in the name of the United States Treasury, only for the purpose of sale for dollars or transfer to agencies for authorized purposes, without reimbursement to the Treasury, as provided by or pursuant to law. Such transfers, as well as transfers between foreign exchange accounts of the Secretary and between foreign exchange accounts in the name of the United States Treasury, shall be made only by direction of the Secretary. An agency requiring foreign exchange from the Treasury Department shall make request of the Secretary, indicating the amount of exchange required, in units of foreign currency, and the name and location of the accountable officer to receive the exchange. To the extent practicable and desirable, standing authorizations will be given for withdrawals from accounts of the Secretary. The following conditions apply to the sale of foreign exchange and to the requisition of foreign exchange without dollar payment:

(a) *Sales.* With respect to the sale of foreign exchange held in accounts of the Secretary, the payment in dollars shall be calculated at the rate of exchange that would otherwise be available to the United States for the acquisition of the foreign exchange for its official disbursements unless otherwise determined by the Treasury Department in consultation with the agencies concerned. When the rate that would otherwise be available to the United States is not readily ascertainable, the Treasury Department shall be consulted. The dollar proceeds realized from the sale of exchange shall be credited to the appropriate receipt, appropriation or refund account on the books of the Treasury. The dollar payment for foreign exchange purchased shall not be charged as an appropriation expenditure until the foreign exchange is disbursed.

(b) *Transfers without reimbursement.* When foreign exchange is to be obtained from the Treasury Department without payment of dollars, the agency concerned shall furnish written certification that the exchange may be used without reimbursement to the Treasury, citing the relevant legal authority. In cases where international agreements or Bureau of the Budget allocations specify the programs for which foreign exchange may be used, the Secretary may transfer exchange to agencies without requiring a certification.

[Dept. Circ. 930, Rev., 26 FR 10054, Oct. 26, 1961, as amended at 29 FR 11407, Aug. 11, 1964]

§ 281.7 Limitations.

The following limitations apply to the purchase and holding of foreign exchange:

(a) Unless otherwise authorized by the Secretary, no agency or accountable officer shall purchase, or direct the purchase of, foreign exchange from any source outside the Government of the United States, except when exchange for the purpose intended is not available for purchase from within the Government.

(b) All foreign exchange acquired by agencies by transfer from the Treasury Department, without payment of dollars, for the purpose of making authorized expenditures, shall be placed with accountable officers for account of the agencies concerned.

(c) Unless otherwise authorized by the Secretary, no accountable officer shall purchase foreign exchange which, together with the balance on hand at the time of purchase, would exceed estimated requirements for a thirty-day period.

(d) To the maximum extent possible, foreign exchange accounts which are earmarked for specific programs shall be maintained on an unfunded basis. Each agency responsible for administering international agreements pertaining to the use of foreign exchange held in funded accounts shall review the agreement and other considerations relevant to each such account at least annually to determine if the account can be placed on an unfunded basis, and shall initiate appropriate action to accomplish the objective of minimizing the number of funded program accounts and the amounts therein. The resulting determinations and the status of actions undertaken shall be furnished in writing to the Treasury Department within 60 days from the date of this regulation and each time thereafter that there is a change of status of a particular account, or as requested by the Treasury Department. Exchange which becomes eligible for removal from a funded status either as a result of the foregoing determinations, or because of the expiration of the period of availability for restricted use under the terms of international agreements, or for other reasons, shall be released promptly by the program agency for transfer to a nonrestricted Treasury sales account.

[Dept. Circ. 930, Rev., 26 FR 10054, Oct. 26, 1961, as amended at 29 FR 11407, Aug. 11, 1964]

§ 281.8 Reporting and accounting.

The Treasury Department will maintain a system of central accounting and reporting for the purpose of providing information on foreign exchange operations to the President, the Congress, and the public. The Treasury Department will also prescribe rules to enhance consistency in reporting of foreign exchange operations by all agencies. Agencies shall furnish such reports and information as may be required for the administration of the provisions of this circular.

§ 281.9 General provisions.

(a) Nothing contained in this part shall be construed as having the effect of superseding or amending the provisions of any regulations issued or approved by the Secretary pursuant to the Act of December 23, 1944, as amended (67 Stat. 61).

(b) The Secretary may waive, withdraw, or amend at any time or from time to time any or all of the provisions of the regulations of this part.

(c) Implementing regulations within the framework of this circular will be issued by the Fiscal Assistant Secretary of the Treasury. All communications pertaining to the administration of the provisions of this part shall be directed to the Fiscal Assistant Secretary.

PART 290—LOANS TO PUBLIC OR PRIVATE AGENCIES UNDER REFUGEE RELIEF ACT OF 1953

Sec.

290.1 Scope of part.
290.2 Definition of terms.
290.3 Applications.
290.4 Requirements.
290.5 Terms and conditions of loans.
290.6 Repayments.
290.7 Reservations.

AUTHORITY: Sec. 16, 67 Stat. 406; 50 U.S.C. App. 1971-1971q note. E.O. 10487, 18 FR 5635, 3 CFR, 1949-1953 Comp., p. 971.

SOURCE: Department Circular 932, 18 FR 7793, Dec. 3, 1953, unless otherwise noted.

§ 290.1 Scope of part.

This part applies to the making of loans by the Secretary of the Treasury under section 16 of the Refugee Relief Act of 1953, Pub. L. 203, 83d Cong., to public or private agencies of the United States for the purpose of financing the transportation from ports of entry within the United States, to the places of their resettlement, of persons receiving immigrant visas under the said act and who lack the resources to finance the expenses involved.

§ 290.2 Definition of terms.

For the purposes of this part:

(a) The word "Secretary" refers to the Secretary of the Treasury and, except for the purposes of § 290.7(c), his designee.

(b) The word "act" refers to the Refugee Relief Act of 1953, approved August 7, 1953, Pub. L. 203, 83d Congress.

(c) The term "public agency" shall mean any executive department or agency of the United States or of any state of the United States, or municipality of such state.

(d) The term "private agency" shall mean a corporation or association organized and operated exclusively for religious, charitable, scientific, literary or educational purposes, no part of the net earnings of which inures to the benefit of a private shareholder or individual, and no substantial part of the activities of which is carried on for propaganda or otherwise attempting to influence legislation.

§ 290.3 Applications.

Public or private agencies shall make application for loans on forms prescribed by the Secretary which may be obtained from the Fiscal Service, Financial Management Service, Treasury Department, Washington, DC, 20226.

[Dept. Cir. 932, 18 FR 7793, Dec. 3, 1953, as amended at 49 FR 47001, Nov. 30, 1984]

§ 290.4 Requirements.

In order for an application to be given favorable consideration, the applying agency shall not be in default in the payment of any loan made to it pursuant to the provisions of the Displaced Persons Act of 1948, as amended, and shall:

(a) Establish to the satisfaction of the Secretary that it has authority to borrow money under its charter, articles of incorporation, or other enabling document for the purpose described in section 16 of the Refugee Relief Act of 1953 and that the person acting for it in this regard has the authority so to act;

(b) Set forth the manner and terms in which it proposes to repay the loan requested, if granted;

(c) Establish to the satisfaction of the Secretary that there is reasonable assurance the amount of the loan requested will be repaid.

§ 290.5 Terms and conditions of loans.

In cases where applications for loans are approved, the applying agency shall:

(a) Execute a promissory note in such form and with such terms and conditions as the Secretary may deem appropriate; and

(b) Execute an agreement containing the following and such other provisions as the Secretary may require:

(1) All funds loaned to it will be used exclusively for the purpose of financing the transportation from ports of entry within the United States, to the places of their resettlement, of persons receiving immigrant visas under the act, and who lack resources to finance the expenses involved.

(2) A bank account or bank accounts for the borrowed funds will be established and maintained by the agency separately from other funds of the agency.

(3) Promissory notes will be obtained from the sponsor or the immigrant and held in trust for the Secretary as security for loans made to the agency.

(4) No interest, service or other charges will be made upon the sponsor or immigrant for the use of any funds made available under the act.

(5) Adequate books and records relating to the funds borrowed from the Secretary and loans made therefrom shall be maintained and shall be available for inspection during the life of the loan obtained from the Secretary.

(6) Reports will be made to the Secretary for such periods and in such form as he may prescribe of the balances available in and the sums disbursed from the accounts referred to in paragraph (b)(2) of this section, the number of immigrants served by the borrowed funds, the recoveries on loans made, and such other information as the Secretary may require.

(7) All recoveries by the agency of advances to sponsors or immigrants out of funds borrowed from the Secretary shall be deposited in the special accounts referred to in paragraph (b)(2) of this section, and shall be used only for the repayment of any unpaid balance of such loan or interest thereon so long as any such balance remains outstanding.

(8) If, in the judgment of the Secretary, there has been an improper use or other misapplication of the borrowed funds, or the agency has failed to meet the requirements of the act or this part, or any terms of the loan agreement, the loan or any unpaid balance due thereon, upon written notice by the Secretary to the agency, shall become due and payable immediately.

§ 290.6 Repayments.

Repayments shall be made by check, draft or money order drawn in favor of the Financial Management Service and forwarded to the Fiscal Service, Financial Management Service, Treasury Department, Washington, DC 20226, with an appropriate letter of transmittal identifying the loan to which such repayment applies.

[Dept. Cir. 932, 18 FR 7793, Dec. 3, 1953, as amended at 49 FR 47001, Nov. 30, 1984]

§ 290.7 Reservations.

(a) The Secretary may, in his discretion, reject in whole or in part any application of a public or private agency for a loan under the provisions of this part.

(b) Any determination by the Secretary that a corporation or association is a private agency for the purposes of this part shall not be construed in any manner as determining the status of such corporation or association under the provisions of the Internal Revenue Code.

(c) The Secretary may waive, withdraw or amend at any time or from time to time any or all of the provisions of the regulations in this part.

SUBCHAPTER B—BUREAU OF THE PUBLIC DEBT

PART 306—GENERAL REGULATIONS GOVERNING U.S. SECURITIES

Subpart A—General Information

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AUTHORITY: R.S. 3706; 40 Stat. 288, 502, 844, 1309; 42 Stat. 321; 46 Stat. 20; 48 Stat. 343; 49 Stat. 20; 50 Stat. 481; 52 Stat. 477; 53 Stat. 1359; 56 Stat. 189; 73 Stat. 622; 85 Stat. 5, 74 (31 U.S.C. 738a, 739, 752, 752a, 753, 754, 754a, and 754b); 96 Stat. 938, 939, 941, 942 to 947 (31 U.S.C. 3102 to 3104, 3107, 3108, 3111, 3121 to 3123, 3125, 3129); 5 U.S.C. 301.

SOURCE: 38 FR 7078, Mar. 15, 1973, unless otherwise noted.

Subpart A—General Information

§ 306.0 Applicability of regulations.

These regulations apply to all U.S. transferable and nontransferable securities,[1] other than U.S. Savings Bonds and U.S. Savings Notes, to the extent specified in these regulations, the offering circulars or special regulations governing such securities.

§ 306.1 Official agencies.

(a) *Subscriptions—tenders—bids.* Securities subject to these regulations are issued from time to time pursuant to public offerings by the Secretary of the Treasury, through the Federal Reserve banks, fiscal agents of the United States, and the Bureau of the Public Debt. Only the Federal Reserve banks and branches and the Department of the Treasury are authorized to act as official agencies, and subscriptions or tenders for Treasury securities, and bids, to the extent provided in the regulations governing the sale of Treasury securities through competitive bidding, may be made direct to them. However, tenders for Treasury bills are not received at the Department.

(b) *Transactions after issue.* The Bureau of the Public Debt of the Department of the Treasury is charged with matters relating to transactions in securities. Correspondence concerning transactions in securities and requests for appropriate forms may be addressed to:

(1) The Federal Reserve bank or branch of the district in which the correspondent is located, or (2) the Bureau of the Public Debt, Division of Securities Operations, Washington, D.C. 20226, except where specific instructions are otherwise given in these regulations. The addresses of the Federal Reserve banks and branches are:

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[1] These regulations may also be applied to securities issued by certain agencies of the United States and certain Government and Government-sponsored corporations.

Federal Reserve Bank of Boston, Boston, Mass. 02106.
Federal Reserve Bank of New York, New York, N.Y. 10045.
  Buffalo Branch, Buffalo, N.Y. 14240.
Federal Reserve Bank of Philadelphia, Philadelphia, Pa. 19101.
Federal Reserve Bank of Cleveland, Cleveland, Ohio 44101.
  Cincinnati Branch, Cincinnati, Ohio 45201.
  Pittsburgh Branch, Pittsburgh, Pa. 15230.
Federal Reserve Bank of Richmond, Richmond, Va. 23261.
  Baltimore Branch, Baltimore, Md. 21203.
  Charlotte Branch, Charlotte, N.C. 28201.
Federal Reserve Bank of Atlanta, Atlanta, Ga. 30303.
  Birmingham Branch, Birmingham, Ala. 25202.
  Jacksonville Branch, Jacksonville, Fla. 32203.
  Nashville Branch, Nashville, Tenn. 37203.
  New Orleans Branch, New Orleans, La. 70160.
  Miami Office, Miami, Fla. 33152.
Federal Reserve Bank of Chicago, Chicago, Ill. 60609.
  Detroit Branch, Detroit, Mich. 48231.
Federal Reserve Bank of St. Louis, St. Louis, Mo. 63166.
  Little Rock Branch, Little Rock, Ark. 72203.
  Louisville Branch, Louisville, Ky. 40201.
  Memphis Branch, Memphis, Tenn. 38101.
Federal Reserve Bank of Minneapolis, Minneapolis, Minn. 55480.
  Helena Branch, Helena, Mont. 59601.
Federal Reserve Bank of Kansas City, Kansas City, Mo. 64198.
  Denver Branch, Denver, Colo. 80217.
  Oklahoma City Branch, Oklahoma City, Okla. 73125.
  Omaha Branch, Omaha, Nebr. 68102.
Federal Reserve Bank of Dallas, Dallas, Tex. 75222.
  El Paso Branch, El Paso, Tex. 79999.
  Houston Branch, Houston, Tex. 77001.
  San Antonio Branch, San Antonio, Tex. 78295.
Federal Reserve Bank of San Francisco, San Francisco, Calif. 94120.
  Los Angeles Branch, Los Angeles, Calif. 90051.
  Portland Branch, Portland, Oreg. 97208.
  Salt Lake City Branch, Salt Lake City, Utah 84110.
  Seattle Branch, Seattle, Wash. 98124.

§ 306.2 Definitions of words and terms as used in these regulations.

(a) "Advance refunding offer" is an offer to a holder of a security, usually a year or more in advance of its call or maturity date, to exchange it for another security.

(b) A "bearer" security is payable on its face at maturity or call for redemption before maturity in accordance with its terms to "bearer." The ownership is not recorded. Title to such a security may pass by delivery without endorsement and without notice. A "coupon" security is a bearer security with interest coupons attached.

(c) "Bureau" refers to the Bureau of the Public Debt, Division of Securities Operations, Washington, DC 20226.

(d) "Call date" or "date of call" is the date fixed in the official notice of call published in the FEDERAL REGISTER as the date on which the obligor will make payment of the security before maturity in accordance with its terms.

(e) "Court" means one which has jurisdiction over the parties and the subject matter.

(f) "Department" refers to the Department of the Treasury.

(g) "Face maturity date" is the payment date specified in the text of a security.

(h) "Incompetent" refers to a person under any legal disability except minority.

(i) "Joint owner" and "joint ownership" refer to any permitted form of ownership by two or more persons.

(j) "Nontransferable securities" are those issued only in registered form which according to their terms are payable only to the registered owners or recognized successors in title to the extent and in the manner provided in the offering circulars or special applicable regulations.

(k) "Payment" and "redemption," unless otherwise indicated by the context, are used interchangeably for payment at maturity or payment before maturity pursuant to a call for redemption in accordance with the terms of the securities.

(l) "Prerefunding offer" is an offer to a holder of a security, usually within the year preceding its call or maturity date, to exchange it for another security.

(m) "Redemption-exchange" is any authorized redemption of securities for the purpose of applying the proceeds in payment for other securities offered in exchange.

(n) A "registered" security refers to a security the ownership of which is registered on the books of the Department. It is payable at maturity or call for redemption before maturity in accordance with its terms to the person in whose name it is inscribed, or his assignee.

(o) "Securities assigned in blank" or "securities so assigned as to become in effect payable to bearer" refers to registered securities which are assigned by the owner or his authorized representative without designating the assignee. Registered securities assigned simply to "The Secretary of the Treasury" or in the case of Treasury Bonds, Investment Series B—1975-80, to "The Secretary of the Treasury for exchange for the current Series EA or EO Treasury notes" are considered to be so assigned as to become in effect payable to bearer.

(p) "Taxpayer identifying number" means the appropriate identifying number as required on tax returns and other documents submitted to the Internal Revenue Service, i.e., an individual's social security account number or an employer identification number. A social security account number is composed of nine digits separated by two hyphens, for example, 123-45-6789; an employer identification number is composed of nine digits separated by one hyphen, for example, 12-3456789. The hyphens are an essential part of the numbers and must be included.

(q) "Transferable securities," which may be in either registered or bearer form, refers to securities which may be sold on the market and transfer of title accomplished by assignment and delivery if in registered form, or by delivery only if in bearer form.

(r) "Treasury securities," "Treasury bonds," "Treasury notes," "Treasury certificates of indebtedness," and "Treasury bills," or simply "securities," "bonds," "notes," "certificates," and "bills," unless otherwise indicated by the context, refer only to transferable securities.

§ 306.3 Transportation charges and risks in the shipment of securities.

The following rules will govern transportation to, from, and between the Department and the Federal Reserve banks and branches of securities issued on or presented for authorized transactions:

(a) The securities may be presented or received by the owners or their agents in person.

(b) Securities issued on original issue, unless delivered in person, will be delivered by registered mail or by other means at the risk and expense of the United States.

(c) The United States will assume the risk and expense of any transportation of securities which may be necessary between the Federal Reserve banks and branches and the Treasury.

(d) Securities submitted for any transaction after original issue, if not presented in person, must be forwarded at the owner's risk and expense.

(e) Bearer securities issued on transactions other than original issue will be delivered by registered mail, covered by insurance, at the owner's risk and expense, unless called for in person by the owner or his agent. Registered securities issued on such transactions will be delivered by certified mail or by any other means, at the risk of, but without expense to, the registered owner. Should delivery by a particular means be desired, advance arrangements should be made with the official agency to which the original securities were presented.

[38 FR 7078, Mar. 15 1973, as amended at 51 FR 16174, May 1, 1986]

Subpart B—Registration

§ 306.10 General.

The registration used must express the actual ownership of a security and may not include any restriction on the authority of the owner to dispose of it in any manner, except as otherwise specifically provided in these regulations. The Treasury Department reserves the right to treat the registration as conclusive of ownership. Requests for registration should be clear, accurate, and complete, conform with one of the forms set forth in this subpart, and include appropriate taxpayer identifying numbers.[2] The registration of all bonds owned by the same person, organization, or fiduciary should be uniform with respect to the name of the owner and, in the case of a fiduciary, the description of the fiduciary capacity. Individual owners should be designated by the names by which they are ordinarily known or under which they do business, preferably including at least one full given name. The name of an individual may be preceded by any applicable title, as, for example, "Mrs.," "Miss," "Ms.," "Dr.," or "Rev.," or followed by a designation such as "M.D.," "D.D.," "Sr.," or "Jr." Any other similar suffix should be included when ordinarily used or when necessary to distinguish the owner from a member of his family. A married woman's own given name, not that of her husband, must be used, for example, "Mrs. Mary A. Jones," not "Mrs. Frank B. Jones." The address should include, where appropriate, the number and street, route, or any other local feature and the Zip Code.

§ 306.11 Forms of registration for transferable securities.

The forms of registration described below are authorized for transferable securities:

(a) *Natural persons in their own right.* In the names of natural persons who are not under any legal disability, in their own right, substantially as follows:

(1) *One person.* In the name of one individual. Examples:

John A. Doe (123-45-6789).
Mrs. Mary C. Doe. (123-45-6789).
Miss Elizabeth Jane Doe (123-45-6789).

An individual who is sole proprietor of a business conducted under a trade name may include a reference to the trade name. Examples:

John A. Doe, doing business as Doe's Home Appliance Store (123-45-6789).

or

John A. Doe (123-45-6789), doing business as Doe's Home Appliance Store.

(2) *Two or more persons—general.* Securities will not be registered in the name of one person payable on death to another, or in any form which purports to authorize transfer by less than all the persons named in the registration (or all the survivors).[3] Securities will not be registered in the forms "John A. Doe and Mrs. Mary C. Doe, or either of them" or "William C. Doe or Henry J. Doe, or either of them" and securities so assigned will be treated as though the words "or either of them" do not appear in the assignments. The taxpayer identifying number of any of the joint owners may be shown on securities registered in joint ownership form.

(i) *With right of survivorship.* In the names of two or more individuals with right of survivorship. Examples:

John A. Doe (123-45-6789) or Mrs. Mary C. Doe or the survivor.
John A. Doe (123-45-6789) or Mrs. Mary C. Doe or Miss Mary Ann Doe or the survivors or survivor.
John A. Doe (123-45-6789) or Mrs. Mary C. Doe.
John A. Doe (123-45-6789) and Mrs. Mary C. Doe.
John A. Doe (123-45-6789) and Mrs. Mary C. Doe as joint tenants with right of survivorship and not as tenants in common.

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[2] Taxpayer identifying numbers are not required for foreign governments, nonresident aliens not engaged in trade or business within the United States, international organizations and foreign corporations not engaged in trade or business and not having an office or place of business or a financial or paying agent within the United States, and other persons or organizations as may be exempted from furnishing such numbers under regulations of the Internal Revenue Service.

[3] Warning. Difference Between Transferable Treasury Securities Registered in the Names of Two or More Persons and United States Savings Bonds in Coownership Form. The effect of registering Treasury securities to which these regulations apply in the names of two or more persons differs decidedly from registration of savings bonds in coownership form. Savings bonds are virtually redeemable on demand at the option of either coowner on his signature alone. Transferable Treasury securities are redeemable only at maturity or upon prior call by the Secretary of the Treasury.

Limited to husband and wife:

John A. Doe (123-45-6789) and Mrs. Mary C. Doe, as tenants by the entireties.

(ii) *Without right of survivorship.* In the names of two or more individuals in such manner as to preclude the right of survivorship. Examples:

John A. Doe (123-45-6789) and William B. Doe as tenants in common.

John A. Jones as natural guardian of Henry B. Jones, a minor, and Robert C. Jones (123-45-6789), without right of survivorship.

Limited to husband and wife.

Charles H. Brown (123-45-6789) and Ann R. Brown, as partners in community.

(b) *Minors and incompetents*—(1) *Natural guardians of minors.* A security may be registered in the name of a natural guardian of a minor for whose estate no legal guardian or similar representative has legally qualified. Example:

John R. Jones as natural guardian of Henry M. Jones, a minor (123-45-6789).

Either parent with whom the minor resides, or if he does not reside with either parent, the person who furnishes his chief support, will be recognized as his natural guardian and will be considered a fiduciary. Registration in the name of a minor in his own right as owner or as joint owner is not authorized. Securities so registered, upon qualification of the natural guardian, will be treated as though registered in the name of the natural guardian in that capacity.

(2) *Custodian under statute authorizing gifts to minors.* A security may be purchased as a gift to a minor under a gifts to minors statute in effect in the State in which either the donor or the minor resides. The security should be registered as provided in the statute, with an identifying reference to the statute if the registration does not clearly identify it. Examples:

William C. Jones, as custodian for John A. Smith, a minor (123-45-6789), under the California Uniform Gifts to Minors Act.

Robert C. Smith, as custodian for Henry L. Brown, a minor (123-45-6789), under the laws of Georgia; Chapter 48-3, Code of Ga. Anno.

(3) *Incompetents not under guardianship.* Registration in the form "John A. Brown, an incompetent (123-45-6789), under voluntary guardianship," is permitted only on reissue after a voluntary guardian has qualified for the purpose of collecting interest. (See §§ 306.37(c)(2) and 306.57(c)(2)). Otherwise, registration in the name of an incompetent not under legal guardianship is not authorized.

(c) *Executors, administrators, guardians, and similar representatives or fiduciaries.* A security may be registered in the names of legally qualified executors, administrators, guardians, conservators, or similar representatives or fiduciaries of a single estate. The names and capacities of all the representatives or fiduciaries, as shown in their letters of appointment, must be included in the registration and must be followed by an adequate identifying reference to the estate. Examples:

John Smith, executor of will (or administrator of estate) of Henry J. Jones, deceased (12-3456789).

William C. Jones, guardian (or conservator, etc.) of estate of James D. Brown, a minor (or an incompetent) (123-45-6789).

(d) *Life tenant under will.* A security may be registered in the name of a life tenant followed by an adequate identifying reference to the will. Example:

Anne B. Smith, life tenant under the will of Adam A. Smith, deceased (12-3456789).

The life tenant will be considered a fiduciary.

(e) *Private trust estates.* A security may be registered in the name and title of the trustee or trustees of a single duly constituted private trust, followed by an adequate identifying reference to the authority governing the trust. Examples:

John Jones and Blank Trust Co., Albany, N.Y., trustees under will of Sarah Jones, deceased (12-3456789).

John Doe and Richard Roe, trustees under agreement with Henry Jones dated February 9, 1970 (12-3456789).

The names of all trustees, in the form used in the trust instrument, must be included in the registration, except as follows:

(1) If there are several trustees designated as a board or authorized to act as a unit, their names should be omitted and the words "Board of Trustees" substituted for the word "trustees." Example:

Board of Trustees of Blank Co. Retirement Fund, under collective bargaining agreement dated June 30, 1970 (12-3456789).

(2) If the trustees do not constitute a board or otherwise act as a unit, and are either too numerous to be designated in the inscription by names and title, or serve for limited terms, some or all of the names may be omitted. Examples:

John Smith, Henry Jones, et al., trustees under will of Henry J. Smith, deceased (12-3456789).

Trustees under will of Henry J. Smith, deceased (12-3456789).

Trustees of Retirement Fund of Industrial Manufacturing Co., under directors' resolution of June 30, 1950 (12-3456789).

(f) *Private organizations (corporations, unincorporated associations and partnerships).* A security may be registered in the name of any private corporation, unincorporated association, or partnership, including a nominee, which for purposes of these regulations is treated as the owner. The full legal name of the organization, as set forth in its charter, articles of incorporation, constitution, partnership agreement, or other authority from which its powers are derived, must be included in the registration and may be followed, if desired, by a reference to a particular account or fund, other than a trust fund, in accordance with the rules and examples given below:

(1) *A corporation.* The name of a business, fraternal, religious, or other private corporation must be followed by descriptive words indicating the corporate status unless the term "corporation" or the abbreviation "Inc." is part of the name or the name is that of a corporation or association organized under Federal law, such as a national bank or Federal savings and loan association. Examples:

Smith Manufacturing Co., a corporation (12-3456789).

The Standard Manufacturing Corp. (12-3456789).

Jones & Brown, Inc.—Depreciation Acct. (12-3456789).

First National Bank of Albemarle (12-3456789).

Abco & Co., Inc., a nominee corporation (12-3456789).

(2) *An unincorporated association.* The name of a lodge, club, labor union, veterans' organization, religious society, or similar self-governing organization which is not incorporated (whether or not it is chartered by or affiliated with a parent organization which is incorporated) must be followed by the words "an unincorporated association." Examples:

American Legion Post No. —, Department of the D.C., an unincorporated association (12-3456789).

Local Union No. 100, Brotherhood of Locomotive Engineers, an unincorporated association (12-3456789).

Securities should not be registered in the name of an unincorporated association if the legal title to its property in general, or the legal title to the funds with which the securities are to be purchased, is held by trustees. In such a case the securities should be registered in the title of the trustees in accordance with paragraph (e) of this section. The term "unincorporated association" should not be used to describe a trust fund, a partnership or a business conducted under a trade name.

(3) *A partnership.* The name of a partnership must be followed by the words "a partnership." Example:

Smith & Brown, a partnership (12-3456789).

Acme Novelty Co., a limited partnership (12-3456789).

Abco & Co., a nominee partnership (12-3456789).

(g) *States, public bodies, and corporations and public officers.* A security may be registered in the name of a State or county, city, town, village, school district, or other political entity, public body or corporation established by law (including a board, commission, administration, authority or agency) which is the owner or official custodian of public funds, other than trust funds, or in the full legal title of the public officer having custody. Examples:

State of Maine.
Town of Rye, N.Y.
Maryland State Highway Administration.
Treasurer, City of Springfield, Ill.
Treasurer of Rhode Island—State Forestry Fund.

(h) *States, public officers, corporations or bodies as trustees.* A security may be registered in the title of a public officer or in the name of a State or county or a public corporation or public body acting as trustee under express authority of law. An appropriate reference to the statute creating the trust may be included in the registration. Examples:

Insurance Commissioner of Pennsylvania, trustee for benefit of policyholders of Blank Insurance Co. (12-3456789), under Sec. —, Pa. Stats.
Rhode Island Investment Commission, trustee of General Sinking Fund under Ch. 35, Gen. Laws of R.I.
State of Colorado in trust for Colorado Surplus Property Agency.

[38 FR 7078, Mar. 15, 1973; 38 FR 8153, Mar. 29, 1973]

§ 306.12 Errors in registration.

If an erroneously inscribed security is received, it should not be altered in any respect, but the Bureau, a Federal Reserve bank or branch should be furnished full particulars concerning the error and asked to furnish instructions.

§ 306.13 Nontransferable securities.

Upon authorized reissue, Treasury Bonds, Investment Series B—1975-80, may be registered in the forms set forth in § 306.11.

Subpart C—Transfers, Exchanges and Reissues

§ 306.15 Transfers and exchanges of securities—closed periods.

(a) *General.* The transfer of registered securities should be made by assignment in accordance with Subpart F of this part. Transferable registered securities are eligible for denominational exchange and exchange for bearer securities. Bearer securities are eligible for denominational exchange, and when so provided in the offering circular, or eligible for exchange for registered securities. Specific instructions for issuance and delivery of the new securities, signed by the owner or his authorized representative, must accompany the securities presented. (Form PD 3905 or PD 1827, as appropriate, may be used.) Denominational exchanges, exchanges of Treasury Bonds, Investment Series B—1975-80, for the current series of EA or EO 1½ percent 5-year Treasury notes, and optional redemption of bonds at par as provided in § 306.28 may be made at any time. Securities presented for transfer or for exchange for bearer securities of the same issue must be received by the Bureau not less than 1 full month before the date on which the securities mature or become redeemable pursuant to a call for redemption before maturity. Any security so presented which is received too late to comply with this provision will be accepted for payment only.

(b) *Closing of transfer books.* The transfer books are closed for one full month preceding interest payment dates and call or maturity dates. If the date set for closing of the transfer books falls on Saturday, Sunday, or a legal holiday, the books will be closed as of the close of business on the last business day preceding that date. The books are reopened on the first business day following the date on which interest falls due. Registered securities which have not matured or been called, submitted for transfer, reissue, or exchange for coupon securities and coupon securities which have not matured or been called, submitted for exchange for registered securities, which are received during the period the books for that loan are closed, will be processed on or after the date such books are reopened. If registered securities are received for transfer or exchange for bearer securities, or coupon securities are received for exchange for registered securities, during the time the books are closed for payment of final interest at maturity or call, unless otherwise provided in the offering circular or notice of call, the following action will be taken:

(1) Payment of final interest will be made to the registered owner of record on the date the books were closed.

(2) Payment of principal will be made to:

(i) The assignee under a proper assignment of the securities, or (ii) if the securities have been assigned for exchange for bearer securities, to the registered owner of record on the date the books were closed.

§ 306.16 Exchanges of registered securities.

No assignments will be required for: (a) Authorized denominational exchanges of registered securities for like securities in the same names and forms of registration and (b) redemption-exchanges, or prefundings, or advance refundings in the same names and forms as appear in the registration or assignments of the securities surrendered.

§ 306.17 Exchanges of registered securities for coupon securities.

Registered securities submitted for exchange for coupon securities should be assigned to "The Secretary of the Treasury for exchange for coupon securities to be delivered to (inserting the name and address of the person to whom delivery of the coupon securities is to be made)." Assignments to "The Secretary of the Treasury for exchange for coupon securities," or assignments in blank will also be accepted. The coupon securities issued upon exchange will have all unmatured coupons attached.

§ 306.18 Exchanges of coupon securities for registered securities.

Coupon securities presented for exchange for registered securities should have all matured interest coupons detached. All unmatured coupons should be attached, except that if presented when the transfer books are closed (in which case the exchange will be effected on or after the date on which the books are reopened), the next maturing coupons should be detached and held for collection in ordinary course when due. If any coupons which should be attached are missing, the securities must be accompanied by a remittance in an amount equal to the face amount of the missing coupons. The new registered securities will bear interest from the interest payment date next preceding the date on which the exchange is made.

§ 306.19 Denominational exchanges of coupon securities.

All matured interest coupons and all unmatured coupons likely to mature before an exchange can be completed should be detached from securities presented for denominational exchange. All unmatured coupons should be attached. If any are missing, the securities must be accompanied by a remittance in an amount equal to the face amount of the missing coupons. The new coupon securities will have all unmatured coupons attached.

§ 306.20 Reissue of registered transferable securities.

Assignments are not required for reissue of registered transferable securities in the name(s) of:

(a) The surviving joint owner(s) of securities registered in the names of or assigned to two or more persons, unless the registration or assignment includes words which preclude the right of survivorship, (b) a succeeding fiduciary or other lawful successor, (c) a remainderman, upon termination of a life estate, (d) an individual, corporation or unincorporated association whose name has been legally changed, (e) a corporation or unincorporated association which is the lawful successor to another corporation or unincorporated association, and (f) a successor in title to a public officer or body. Evidence of survivorship, succession, or change of name, as appropriate, must be furnished. The appropriate taxpayer identifying number also must be furnished if the registration of the securities submitted does not include such number for the person or organization to be named on the reissued securities.

§ 306.21 Reissue of nontransferable securities.

Treasury Bonds, Investment Series B—1975-80, may be reissued only in the names of:

(a) Lawful successors in title, (b) the legal representatives or distributees of a deceased owner's estate, or the distributees of a trust estate, and (c) State supervisory authorities in pursuance of any pledge required of the owner under State law, or upon termination of the pledge in the names of the pledgors or their successors Bonds presented for reissue must be accompanied by evidence of entitlement.

§ 306.22 Exchange of Treasury Bonds, Investment Series B-1975-80.

Bonds of this series presented for exchange for 1½ percent 5-year Treasury notes must bear duly executed assignments to "The Secretary of the Treasury for exchange for the current series of EA or EO Treasury notes to be delivered to (inserting the name and address of the person to whom the notes are to be delivered)." The notes will bear the April 1 or October 1 date next preceding the date the bonds, duly assigned with supporting evidence, if necessary, are received by the Bureau or a Federal Reserve Bank or Branch. Interest accrued at the rate of 2¾ percent on the bonds surrendered from the next preceding interest payment date to the date of exchange will be credited, and interest at the rate of 1½ percent on the notes for the same period will be charged and the difference will be paid to the owner.

Subpart D—Redemption or Payment

§ 306.25 Presentation and surrender.

(a) *General.* Securities, whether in registered or bearer form, are payable in regular course of business at maturity unless called for redemption before maturity in accordance with their terms, in which case they will be payable in regular course of business on the date of call. The Secretary of the Treasury may provide for the exchange of maturing or called securities, or in advance of call or maturity, may afford owners the opportunity of exchanging a security for another security pursuant to a prerefunding or an advance refunding offer. Registered securities should be presented and surrendered for redemption to the Bureau, a Federal Reserve Bank or branch, and bearer securities to a Federal Reserve Bank or branch.[4] No assignments or evidence in support of assignments will be required by or on behalf of the registered owner or assignee for redemption for his or its account, or for redemption-exchange, or exchange pursuant to a prerefunding or an advance refunding offer, if the new securities are to be registered in exactly the same names and forms as appear in the registrations or assignments of the securities surrendered. To the extent appropriate, these rules also apply to securities registered in the title of public officers who are official custodians of public funds.

(b) *"Overdue" securities.* If a bearer security or a registered security assigned in blank, or to bearer, or so assigned as to become in effect payable to bearer, is presented and surrendered for redemption after it has become overdue, the Secretary of the Treasury will ordinarily require satisfactory proof of ownership. (Form PD 1071 may be used.) A security shall be considered to be overdue after the lapse of the following periods of time from its face maturity:

(1) One month for securities issued for a term of 1 year or less.

(2) Three months for securities issued for a term of more than 1 year but not in excess of 7 years.

(3) Six months for securities issued for a term of more than 7 years.

[38 FR 7078, Mar. 15, 1973; 38 FR 8432, Apr. 2, 1973]

§ 306.26 Redemption of registered securities at maturity, upon prior call, or for prerefunding or advance refunding.

Registered securities presented and surrendered for redemption at maturity or pursuant to a call for redemption before maturity need not be assigned, unless the owner desires that payment be made to some other person, in which case assignments should be made to "The Secretary of the Treasury for redemption for the account of (inserting name and address of person to whom payment is to be made)." Specific instructions for the issuance and delivery of the redemption check, signed by the owner or his authorized representative, must accompany the securities, unless included in the assignment. (Form PD 3905 may be used.) Payment of the principal will be made either:

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[4] See § 306.28 for presentation and surrender of bonds eligible for use in payment of Federal estate taxes.

(a) By check drawn on the United States Treasury to the order of the person entitled and mailed in accordance with the instructions received, or (b) upon appropriate request, by crediting the amount in a member bank's account with the Federal Reserve Bank of its District. Securities presented for prerefunding or advance refunding should be assigned as provided in the prerefunding or advance refunding offer.

§ 306.27 Redemption of bearer securities at maturity, upon prior call, or for advance refunding or prerefunding.

All interest coupons due and payable on or before the date of maturity or date fixed in the call for redemption before maturity should be detached from coupon securities presented for redemption and should be collected separately in regular course. All coupons bearing dates subsequent to the date fixed in a call for redemption, or offer of prerefunding or advance refunding, should be left attached to the securities. If any such coupons are missing, the full face amount thereof will be deducted from the payment to be made upon redemption or the prerefunding or advance refunding adjustment unless satisfactory evidence of their destruction is submitted. Any amounts so deducted will be held in the Department to provide for adjustments or refunds in the event it should be determined that the missing coupons were subsequently presented or their destruction is later satisfactorily established. In the absence of other instructions, payment or bearer securities will be made by check drawn to the order of the person presenting and surrendering the securities and mailed to him at his address, as given in the advice accompanying the securities. (Form PD 3905 may be used.) A Federal Reserve Bank, upon appropriate request, may make payment to a member bank from which bearer securities are received by crediting the amount of the proceeds of redemption to the member bank's account.

§ 306.28 Optional redemption of Treasury bonds at par (before maturity or call redemption date) and application of the proceeds in payment of Federal estate taxes.

(a) *General.* Treasury bonds to be redeemed at par for the purpose of applying the entire amount of principal and accrued interest to payment of the Federal estate tax on a decedent's estate[5] must be presented and surrendered to a Federal Reserve Bank or Branch or to the Bureau. They should be accompanied by Form PD 1782, fully completed and duly executed in accordance with the instructions on the form, and evidence as described therein. Redemption will be made at par plus accrued interest from the last preceding interest payment date to the date of redemption, except that if registered bonds are received by a Federal Reserve bank or branch or the Bureau within 1 month preceding an interest payment date for redemption before that date, a deduction will be made for interest from the date of redemption to the interest payment date, and a check for the full 6 months' interest will be paid in due course. The proceeds of redemption will be deposited to the credit of the Internal Revenue Service Center designated in Form PD 1782, and the representative of the estate will be notified of the deposit. A formal receipt may be obtained upon request addressed to the Center.

(b) *Conditions.* The bonds presented for redemption under this section must have:

(1) Been owned by the decedent at the time of his death and (2) thereupon constituted part of his estate, as determined by the following rules in

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[5] Certain issues of Treasury bonds are redeemable at par and accrued interest upon the death of the owner, at the option of the representative of, or if none, the persons entitled to, his estate, for the purpose of having the entire proceeds applied in payment of the Federal estate tax on the decedent's estate, in accordance with the terms of the offering circulars cited on the face of the bonds. A current list of eligible issues may be obtained from any Federal Reserve bank or branch or the Bureau of the Public Debt.

the case of joint ownership, partnership, and trust holdings:

(i) *Joint ownerships.* Bonds held by the decedent at the time of his death in joint ownership with another person or persons will be deemed to have met the above conditions either:

(A) To the extent to which the bonds actually became the property of the decedent's estate, or (B) in an amount not to exceed the amount of the Federal estate tax which the surviving joint owner or owners is required to pay on account of such bonds and other jointly held property.[6]

(ii) *Partnerships.* Bonds held at the time of the decedent's death by a partnership in which he had an interest will be deemed to have met the above conditions to the extent of his fractional share of the bonds so held proportionate to his interest in the assets of the partnership.

(iii) *Trusts.* Bonds held in trust at the time of the decedent's death will be deemed to have met the above conditions in an amount not to exceed the amount of the Federal estate tax:

(A) If the trust actually terminated in favor of the decedent's estate, or (B) if the trustee is required to pay the decedent's Federal estate tax under the terms of the trust instrument or otherwise, or (C) to the extent the debts of the decedent's estate, including costs of administration, State inheritance and Federal estate taxes, exceed the assets of his estate without regard to the trust estate.

(c) *Transactions after owner's death.* No transactions involving changes of ownership may be conducted after an owner's death without affecting the eligibility of the bonds for redemption at par for application of the proceeds to payment of the Federal estate tax. Transactions involving no changes of ownership which may be conducted without affecting eligibility are: (1) Exchange of bonds for those of lower denominations where the bonds exceed the amount of the tax and are not in the lowest authorized denominations, (2) exchange of registered bonds for coupon bonds, (3) exchange of coupon bonds for bonds registered in the names of the representatives of the estate, (4) transfer of bonds from the owner or his nominee to the names of the representatives of the owner's estate, and (5) purchases by or for the account of any owner prior to his death, held in book-entry form, and thereafter converted to definitive bonds. However, any such transactions must be explained on Form PD 1782 or in a supplemental statement.

Subpart E—Interest

§ 306.35 Computation of interest.

The interest on Treasury securities accrues and is payable on a semiannual basis unless otherwise provided in the circular offering them for sale or exchange. If the period of accrual is an exact 6 months, the interest accrual is an exact one-half year's interest without regard to the number of days in the period. If the period of accrual is less than an exact 6 months, the accrued interest is computed by determining the daily rate of accrual on the basis of the exact number of days in the full interest period and multiplying the daily rate by the exact number of days in the fractional period for which interest has actually accrued. A full interest period does not include the day as of which securities were issued or the day on which the last preceding interest became due, but does include the day on which the next succeeding interest payment is due. A fractional part of an interest period does not include the day as of which the securities were issued or the day on which the last preceding interest payment became due, but does include the day as of which the transaction terminating the accrual of interest is effected. The 29th of February in a leap year is included whenever it falls within either a full interest period or a fractional part thereof.[7]

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[6] Substantially the same rule applies to community property except that upon the death of either spouse bonds which constitute part of the community estate are deemed to meet the required conditions to the extent of one-half of each loan and issue of bonds.

§ 306.36 Termination of interest.

Securities will cease to bear interest on the date of their maturity unless they have been called for redemption before maturity in accordance with their terms, or are presented and surrendered for redemption-exchange or exchange pursuant to an advance refunding or prerefunding offer, in which case they will cease to bear interest on the date of call, or the exchange date, as the case may be.

§ 306.37 Interest on registered securities.

(a) *Method of payment.* The interest on registered securities is payable by checks drawn on the United States Treasury to the order of the registered owners, except as otherwise provided herein. Interest checks are prepared by the Department in advance of the interest payment data and are ordinarily mailed in time to reach the addresses on that date. Interest on a registered security which has not matured or been called and which is presented for any transaction during the period the books for that loan are closed will be paid by check drawn to the order of the registered owner of record. Upon receipt of notice of the death or incompetency of an individual named as registered owner, a change in the name or in the status of a partnership, corporation, or unincorporated association, the removal, resignation, succession, or death of a fiduciary or trustee, delivery of interest checks will be withheld pending receipt and approval of evidence showing who is entitled to receive the interest checks. If the inscriptions on securities do not clearly identify the owners, delivery of interest checks will be withheld pending reissue of the securities in the correct registration. The final installment of interest, unless otherwise provided in the offering circular or notice of call, will be paid by check drawn to the order of the registered owner of record and mailed in advance of the interest payment date in time to reach the addressee on or about that date. Interest on securities presented for prerefunding or advance refunding will be adjusted as provided in the prerefunding or advance refunding offer.

(b) *Change of address.* To assure timely delivery of interest checks, owners should promptly notify the Bureau of any change of address. (Form PD 345 may be used.) The notification must be signed by the registered owner or a joint owner or an authorized representative, and should show the owner's taxpayer identifying number, the old and new addresses, the serial number and denomination of each security, the titles of the securities (for example: 4¼ percent Treasury Bonds of 1987-92, dated August 15, 1932), and the registration of each security. Notifications by attorneys in fact, trustees, or by the legal representatives of the estates of deceased, incompetent, or minor owners should be supported by proof of their authority, unless, in the case of trustees or legal representatives, they are named in the registration.

(c) *Collection of interest checks*—(1) *General.* Interest checks may be collected in accordance with the regulations governing the endorsement and payment of Government warrants and checks, which are contained in the current revision of Department Circular No. 21 (Part 240 of this chapter).

(2) *By voluntary guardians of incompetents.* Interest checks drawn to the order of a person who has become incompetent and for whose estate no legal guardian or similar representative has been appointed should be returned to the Bureau with a full explanation of the circumstances. For collection of interest, the Department will recognize the relative responsible for the incompetent's care and support or some other person as voluntary guardian for the incompetent. (Application may be made on Form PD 1461.)

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[7] The appendix to this subpart contains a complete explanation of the method of computing interest on a semiannual basis on Treasury bonds, notes, and certificates of indebtedness, and an outline of the method of computing the discount rates on Treasury bills. Also included are tables of computation of interest on semiannual and annual basis.

(d) *Nonreceipt, loss, theft, or destruction of interest checks.* If an interest check is not received within a reasonable period after an interest payment date, the Bureau should be notified. Should a check be lost, stolen, or destroyed after receipt, the Bureau of Government Financial Operations, Washington, DC 20226, should be notified. Notification should include the name and address of the owner, his taxpayer identifying number, and the serial number, denomination, and title of the security upon which the interest was payable. If the check is subsequently received or recovered, the latter office should also be advised.

§ 306.38 Interest on bearer securities.

Unless the offering circular and notice of call provide otherwise, interest on coupon securities is payable in regular course of business upon presentation and surrender of the interest coupons as they mature. Such coupons are payable at any Federal Reserve bank or branch, or the Bureau of the Public Debt.[8] Interest on Treasury bills, and any other bearer securities which may be sold and issued on a discount basis and which are payable at par at maturity, is represented by the difference between the purchase price and the par value, and no coupons are attached.

APPENDIX TO SUBPART E—INTEREST—COMPUTATION OF INTEREST ON TREASURY BONDS, TREASURY NOTES, AND TREASURY CERTIFICATES OF INDEBTEDNESS, AND COMPUTATION OF DISCOUNT ON TREASURY BILLS—INTEREST TABLES

COMPUTATION OF INTEREST ON ANNUAL BASIS

One Day's Interest is 1/365 or 1/366 of 1-Year's Interest

Computation of interest on Treasury bonds, notes, and certificates of indebtedness will be made on an annual basis in all cases where interest is payable in one amount for the full term of the security, unless such term is an exact half-year (6 months), and it is provided that interest shall be computed on a semi-annual basis.

If the term of the securities is exactly 1 year, the interest is computed for the full period at the specified rate regardless of the number of days in such period.

If the term of the securities is less than 1 full year, the annual interest period for purposes of computation is considered to be the full year from but not including the date of issue to and including the anniversary of such date.

If the term of the securities is more than 1 full year, computation is made on the basis of one full annual interest period, ending with the maturity date, and a fractional part of the preceding full annual interest period.

The computation of interest for any fractional part of an annual interest period is made on the basis of 365 actual days in such period, or 366 days if February 29 falls within such annual period.

COMPUTATION OF INTEREST ON SEMIANNUAL BASIS

One Day's Interest is 1/181, 1/182, 1/183 or 1/184 or ½ Year's Interest

Computation of interest on Treasury bonds, notes, and certificates of indebtedness will be made on a semiannual basis in all cases where interest is payable for one or more full half-year (6 months) periods, or for one or more full half-year periods and a fractional part of a half-year period. A semiannual interest period is an exact half-year or 6 months, for computation purposes, and may comprise 181, 182, 183 or 184 actual days.

An exact half-year's interest at the specified rate is computed for each full period of exactly 6 months, irrespective of the actual number of days in the half-year.

If the initial interest covers a fractional part of a half-year, computation is made on the basis of the actual number of days in the half-year (exactly 6 months) ending on the day such initial interest becomes due. If the initial interest covers a period in excess of 6 months, computation is made on the basis of one full half-year, ending with the interest due date, and a fractional part of the preceding full half-year period.

Interest for any fractional part of a full half-year period is computed on the basis of the exact number of days in the full period, including February 29 whenever it falls within such a period.

The number of days in any half-year period is shown in the following table:

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[8] Banking institutions will usually cash the coupons without charge as an accommodation to their customers.

FOR THE HALF-YEAR

Interest period	Beginning and ending days are 1st or 15th of months listed under interest period (number of days)		Beginning and ending days are last days of months listed under interest period (number of days)	
	Regular year	Leap year	Regular year	Leap year
January to July	181	182	181	182
February to August	181	182	184	184
March to September	184	184	183	183
April to October	183	183	184	184
May to November	184	184	183	183
June to December	183	183	184	184
July to January	184	184	184	184
August to February	184	184	181	182
September to March	181	182	182	183
October to April	182	183	181	182
November to May	181	182	182	183
December to June	182	183	181	182
1 year (any 2 consecutive half-years)	365	366	365	366

The following are dates for end-of-the-month interest computations.

When interest period ends on—	Interest-computation period will be from but will not include—
January 31	July 31.
February 28 in 365-day year.	August 31.
February 29	Do.
March 30, 31	September 30.
April 30	October 31.
May 30, 31	November 30.
June 30	December 31.
July 31	January 31.
August 29, 30, or 31	February 28 in 365-day year. February 29 in leap year.
September 30	March 31.
October 30, 31	April 30.
November 30	May 31.
December 30, 31	June 30.

USE OF INTEREST TABLES

In the appended tables decimals are set forth for use in computing interest for fractional parts of interest periods. The decimals cover interest on $1,000 for 1 day in each possible semiannual (Table I), and annual (Table II) interest period, at all rates of interest, in steps of ⅛ percent, from ⅛ to 9 percent. The amount of interest accruing on any date (for a fractional part of an interest period) on $1,000 face amount of any issue of Treasury bonds, Treasury notes, or Treasury certificates of indebtedness may be ascertained in the following way:

(1) The date of issue, the dates for the payment of interest, the basis (semiannual or annual) upon which interest is computed, and the rate of interest (percent per annum) may be determined from the text of the security, or from the official circular governing the issue.

(2) Determine the interest period of which the fraction is a part, and calculate the number of days in the full period to determine the proper column to be used in selecting the decimal for 1 day's interest.

(3) Calculate the actual number of days in the fractional period from but not including the date of issue or the day on which the last preceding interest payment was made, to and including the day on which the next succeeding interest payment is due or the day as of which the transaction which terminates the accrual of additional interest is effected.

(4) Multiply the appropriate decimal (1 day's interest on $1,000) by the number of days in the fractional part of the interest period. The appropriate decimal will be found in the appended table for interest payable semiannually or annually, as the case may be, opposite the rate borne by the security, and in the column showing the full interest period of which the fractional period is a part. (For interest on any other amount, multiply the amount of interest on $1,000 by the other amount expressed as a decimal of $1,000.)

TREASURY

The methods of computing discount rates on U.S. Treasury bills are given below:

Computation will be made on an annual basis in all cases. The annual period for bank discount is a year of 360 days, and all computations of such discount will be made on that basis. The annual period for true discount is 1 full year from but not including the date of issue to and including the anniversary of such date. Computation of true discount for a fractional part of a year will be made on the basis of 365 days in the year, or 366 days if February 29 falls within the year.

BANK DISCOUNT

The bank discount rate on a Treasury bill may be ascertained by: (1) Subtracting the sale price of the bill from its face value to obtain the amount of discount; (2) dividing the amount of discount by the number of days the bill is to run to obtain the amount of discount per day; (3) multiplying the amount of discount per day by 360 (the number of days in a commercial year of 12 months of 30 days each) to obtain the amount of discount per year; and (4) dividing the amount of discount per year by the face value of the bill to obtain the bank discount rate.

For example:

91-day bill:

Principal amount—maturity value	$100.00
Price at issue—amount received	99.50
Amount of discount	.50

$0.50 ÷ 91 × 360 ÷ $100 = .01978 or 1.978 percent

TRUE DISCOUNT

The true discount rate on a Treasury bill of not more than one-half year in length may be ascertained by (1 and 2) obtaining the amount of discount per day by following the first two steps described under "Bank Discount"; (3) multiplying the amount of discount per day by the actual number of days in the year from date of issue (365 ordinarily, but 366 if February 29 falls within the year from date of issue) to obtain the amount of discount per year; and (4) dividing the amount of discount per year by the sale price of the bill to obtain the true discount rate.

For example:

91-day bill:

Principal amount—maturity value	$100.00
Price at issue—amount received	99.50
Amount of discount	.50

$0.50 ÷ 91 × 365 ÷ $99.50 = .02016 or 2.016 percent

TABLE I—DECIMAL FOR 1 DAY'S INTEREST ON $1,000 AT VARIOUS RATES OF INTEREST, PAYABLE SEMIANNUALLY OR ON A SEMIANNUAL BASIS, IN REGULAR YEARS OF 365 DAYS AND IN LEAP YEARS OF 366 DAYS (TO DETERMINE APPLICABLE NUMBER OF DAYS, SEE "COMPUTATION OF INTEREST ON SEMIANNUAL BASIS")

Rate per annum (percent)	Half-year of 184 days	Half-year of 183 days	Half-year of 182 days	Half-year of 181 days
1/8	$0.003 396 739	$0.003 415 301	$0.003 434 066	$0.003 453 039
1/4	.006 793 478	.006 830 601	.006 868 132	.006 906 077
3/8	.010 190 217	.010 245 902	.010 302 198	.010 359 116
1/2	.013 586 957	.013 661 202	.013 736 264	.013 812 155
5/8	.016 983 696	.017 076 503	.017 170 330	.017 265 193
3/4	.020 380 435	.020 491 803	.020 604 396	.020 718 232
7/8	.023 777 174	.023 907 104	.024 038 462	.024 171 271
1	.027 173 913	.027 322 404	.027 472 527	.027 624 309
1 1/8	.030 570 652	.030 737 705	.030 906 593	.031 077 348
1 1/4	.033 967 391	.034 153 005	.034 340 659	.034 530 387
1 3/8	.037 364 130	.037 568 306	.037 774 725	.037 983 425
1 1/2	.040 760 870	.040 983 607	.041 208 791	.041 436 464
1 5/8	.044 157 609	.044 398 907	.044 642 857	.044 889 503
1 3/4	.047 554 348	.047 814 208	.048 076 923	.048 342 541
1 7/8	.050 951 087	.051 229 508	.051 510 989	.051 795 580
2	.054 347 826	.054 644 809	.054 945 055	.055 248 619
2 1/8	.057 744 565	.058 060 109	.058 379 121	.058 701 657
2 1/4	.061 141 304	.061 475 410	.061 813 187	.062 154 696
2 3/8	.064 538 043	.064 890 710	.065 247 253	.065 607 735
2 1/2	.067 934 783	.068 306 011	.068 681 319	.069 060 773
2 5/8	.071 331 522	.071 721 311	.072 115 385	.072 513 812
2 3/4	.074 728 261	.075 136 612	.075 549 451	.075 966 851
2 7/8	.078 125 000	.078 551 913	.078 983 516	.079 419 890
3	.081 521 739	.081 967 213	.082 417 582	.082 872 928
3 1/8	.084 918 478	.085 382 514	.085 851 648	.086 325 967
3 1/4	.088 315 217	.088 797 814	.089 285 714	.089 779 006
3 3/8	.091 711 957	.092 213 115	.092 719 780	.093 232 044
3 1/2	.095 108 696	.095 628 415	.096 153 846	.096 685 083
3 5/8	.098 505 435	.099 043 716	.099 021 978	.100 138 122
3 3/4	.101 902 174	.102 459 016	.103 021 978	.103 591 160

TABLE I—DECIMAL FOR 1 DAY'S INTEREST ON $1,000 AT VARIOUS RATES OF INTEREST, PAYABLE SEMIANNUALLY OR ON A SEMIANNUAL BASIS, IN REGULAR YEARS OF 365 DAYS AND IN LEAP YEARS OF 366 DAYS (TO DETERMINE APPLICABLE NUMBER OF DAYS, SEE "COMPUTATION OF INTEREST ON SEMIANNUAL BASIS")—Continued

Rate per annum (percent)	Half-year of 184 days	Half-year of 183 days	Half-year of 182 days	Half-year of 181 days
3⅞	.105 298 913	.105 87[illegible] 317	.106 456 044	.107 044 190
4	.108 695 652	.109 289 617	.109 890 110	.110 497 [illegible]78
4⅛	.112 092 391	.112 704 918	.113 324 176	.113 950 236
4¼	.115 489 130	.116 120 219	.116 758 242	.117 403 375
4⅜	.118 885 870	.119 535 519	.120 192 308	.120 856 317
4½	.122 282 609	.122 950 820	.123 626 374	.124 309 394
4⅝	.125 679 348	.126 366 120	.127 060 440	.127 762 432
4¾	.129 076 087	.129 781 421	.130 494 505	.131 215 471
4⅞	.132 472 826	.133 196 721	.133 928 571	.134 668 500
5	.135 869 565	.136 612 022	.137 362 637	.138 121 548
5⅛	.139 266 304	.140 027 322	.140 796 703	.141 574 586
5¼	.142 663 043	.143 442 623	.144 230 769	.145 027 624
5⅜	.146 059 783	.146 857 923	.147 664 835	.148 480 663
5½	.149 456 522	.150 273 224	.151 098 901	.151 933 702
5⅝	.152 853 261	.153 688 525	.154 532 967	.155 386 748
5¾	.156 250 000	.157 103 825	.157 967 033	.158 839 706
5⅞	.159 646 739	.160 519 126	.161 401 099	.162 292 876
6	.163 043 478	.163 934 426	.164 835 165	.165 745 856
6⅛	.166 440 217	.167 349 727	.168 269 231	.169 198 895
6¼	.169 836 957	.170 765 027	.171 703 297	.172 651 934
6⅜	.173 233 696	.174 180 328	.175 137 363	.176 104 972
6½	.176 630 435	.177 595 628	.178 571 429	.179 558 011
6⅝	.180 027 174	.181 010 929	.182 005 495	.183 011 050
6¾	.183 423 913	.184 426 230	.185 439 560	.186 464 088
6⅞	.186 820 652	.187 841 530	.188 873 626	.189 917 127
7	.190 217 391	.191 256 831	.192 307 692	.193 370 166
7⅛	.193 614 130	.194 672 131	.195 741 758	.196 823 204
7¼	.197 010 870	.198 087 432	.199 175 824	.200 276 243
7⅜	.200 407 609	.201 502 732	.202 609 890	.203 729 282
7½	.203 804 348	.204 918 033	.206 043 956	.207 182 320
7⅝	.207 201 087	.208 333 333	.209 478 022	.210 635 359
7¾	.210 597 826	.211 748 634	.212 912 088	.214 088 398
7⅞	.213 994 565	.215 163 934	.216 346 154	.217 541 436
8	.217 391 304	.218 579 235	.219 780 220	.220 994 475
8⅛	.220 788 043	.221 994 536	.223 214 286	.224 447 514
8¼	.224 184 783	.225 409 836	.226 648 352	.227 900 552
8⅜	.227 581 522	.228 825 137	.230 082 418	.231 353 591
8½	.230 978 261	.232 240 437	.233 516 484	.234 806 630
8⅝	.234 375 000	.235 655 738	.236 950 549	.238 259 669
8¾	.237 771 739	.239 071 038	.240 384 615	.241 712 707
8⅞	.241 168 478	.242 486 339	.243 818 681	.245 165 746
9	.244 565 217	.245 901 639	.247 252 747	.248 618 785
9⅛	.247 961 957	.249 316 940	.250 686 813	.252 071 823
9¼	.251 358 696	.252 732 240	.254 120 879	.255 524 862
9⅜	.254 755 435	.256 147 541	.257 554 945	.258 977 901
9½	.258 152 174	.259 562 842	.260 989 011	.262 430 939
9⅝	.261 548 913	.262 978 142	.264 423 077	.265 883 978
9¾	.264 945 652	.266 393 443	.267 857 143	.269 337 017
9⅞	.268 342 391	.269 808 743	.271 291 209	.272 790 055
10	.271 739 130	.273 224 044	.274 725 275	.276 243 094
10⅛	.275 135 870	.276 639 344	.278 159 341	.279 696 133
10¼	.278 532 609	.280 054 645	.281 593 407	.283 149 171
10⅜	.281 929 348	.283 469 945	.285 027 473	.286 602 210
10½	.285 326 087	.286 885 246	.288 461 538	.290 055 249
10⅝	.288 722 826	.290 300 546	.291 895 604	.293 508 287
10¾	.292 119 565	.293 715 847	.295 329 670	.296 961 326
10⅞	.295 516 304	.297 131 148	.298 763 736	.300 414 365
11	.298 913 043	.300 546 448	.302 197 802	.303 867 403
11⅛	.302 309 783	.303 961 749	.305 631 868	.307 320 442
11¼	.305 706 522	.307 377 049	.309 065 934	.310 773 481
11⅜	.309 103 261	.310 792 350	.312 500 000	.314 226 519
11½	.312 500 000	.314 207 650	.315 934 066	.317 679 558
11⅝	.315 896 739	.317 622 951	.319 368 132	.321 132 597
11¾	.319 293 478	.321 038 251	.322 802 198	.324 585 635
11⅞	.322 690 217	.324 453 552	.326 236 264	.328 038 674

TABLE I—DECIMAL FOR 1 DAY'S INTEREST ON $1,000 AT VARIOUS RATES OF INTEREST, PAYABLE SEMIANNUALLY OR ON A SEMIANNUAL BASIS, IN REGULAR YEARS OF 365 DAYS AND IN LEAP YEARS OF 366 DAYS (TO DETERMINE APPLICABLE NUMBER OF DAYS, SEE "COMPUTATION OF INTEREST ON SEMIANNUAL BASIS")—Continued

Rate per annum (percent)	Half-year of 184 days	Half-year of 183 days	Half-year of 182 days	Half-year of 181 days
12	.326 086 957	.327 868 852	.329 670 330	.331 491 713

TABLE II—DECIMAL FOR 1 DAY'S INTEREST ON $1,000 AT VARIOUS RATES OF INTEREST, PAYABLE ANNUALLY OR ON AN ANNUAL BASIS, IN REGULAR YEARS OF 365 DAYS AND IN LEAP YEARS OF 366 DAYS

Rate per annum (percent)	Regular year, 365 days	Leap year, 366 days
⅛	$0.003 424 658	$0.003 415 301
¼	.006 849 315	.006 830 601
⅜	.010 273 973	.010 245 902
½	.013 698 630	.013 661 202
⅝	.017 123 288	.017 076 503
¾	.020 547 945	.020 491 803
⅞	.023 972 603	.023 907 104
1	.027 397 260	.027 322 404
1⅛	.030 821 918	.030 737 705
1¼	.034 246 575	.034 153 005
1⅜	.037 671 233	.037 568 306
1½	.041 095 890	.040 983 607
1⅝	.044 520 548	.044 398 907
1¾	.047 945 205	.047 814 208
1⅞	.051 369 863	.051 229 508
2	.054 794 521	.054 644 809
2⅛	.058 219 178	.058 060 109
2¼	.061 643 836	.061 475 410
2⅜	.065 068 493	.064 890 710
2½	.068 493 151	.068 306 011
2⅝	.071 917 808	.071 721 311
2¾	.075 342 466	.075 136 612
2⅞	.078 767 123	.078 551 913
3	.082 191 781	.081 967 213
3⅛	.085 616 438	.085 382 514
3¼	.089 041 096	.088 797 814
3⅜	.092 465 753	.092 213 115
3½	.095 890 411	.095 628 415
3⅝	.099 315 068	.099 043 716
3¾	.102 739 726	.102 459 016
3⅞	.106 164 384	.105 874 317
4	.109 589 041	.109 289 617
4⅛	.113 013 699	.112 704 918
4¼	.116 438 356	.116 120 219
4⅜	.119 863 014	.119 535 519
4½	.123 287 671	.122 950 820
4⅝	.126 712 329	.126 366 120
4¾	.130 136 986	.129 781 421
4⅞	.133 561 644	.133 196 721
5	.136 986 301	.136 612 022
5⅛	.140 410 959	.140 027 322
5¼	.143 835 616	.143 442 623
5⅜	.147 260 274	.146 857 923
5½	.150 684 932	.150 273 224
5⅝	.154 109 589	.153 688 525
5¾	.157 534 247	.157 103 825
5⅞	.160 958 904	.160 519 126
6	.164 383 562	.163 934 426
6⅛	.167 808 219	.167 349 727
6¼	.171 232 877	.170 765 027

TABLE II—DECIMAL FOR 1 DAY'S INTEREST ON $1,000 AT VARIOUS RATES OF INTEREST, PAYABLE ANNUALLY OR ON AN ANNUAL BASIS, IN REGULAR YEARS OF 365 DAYS AND IN LEAP YEARS OF 366 DAYS—Continued

Rate per annum (percent)	Regular year, 365 days	Leap year, 366 days
6⅜	.174 657 534	.174 180 328
6½	.178 082 192	.177 595 628
6⅝	.181 506 849	.181 010 929
6¾	.184 931 507	.184 426 230
6⅞	.188 356 164	.187 841 530
7	.191 780 822	.191 256 831
7⅛	.195 205 479	.194 672 131
7¼	.198 630 137	.198 087 432
7⅜	.202 054 795	.201 502 732
7½	.205 479 452	.204 918 033
7⅝	.208 904 110	.208 333 333
7¾	.212 328 767	.211 748 634
7⅞	.215 753 425	.215 163 934
8	.219 178 082	.218 579 235
8⅛	.222 602 740	.221 994 536
8¼	.226 027 397	.225 409 836
8⅜	.229 452 055	.228 825 137
8½	.232 876 712	.232 240 437
8⅝	.236 301 370	.235 655 738
8¾	.239 726 027	.239 071 038
8⅞	.243 150 685	.242 486 339
9	.246 575 342	.245 901 639
9⅛	.250 000 000	.249 316 940
9¼	.253 424 658	.252 732 240
9⅜	.256 849 315	.256 147 541
9½	.260 273 973	.259 562 842
9⅝	.263 698 630	.262 978 142
9¾	.267 123 288	.266 393 443
9⅞	.270 547 945	.269 808 743
10	.273 972 603	.273 224 044
10⅛	.277 397 260	.276 639 344
10¼	.280 821 918	.280 054 645
10⅜	.284 246 575	.283 469 945
10½	.287 671 233	.286 885 246
10⅝	.291 095 890	.290 300 546
10¾	.294 520 548	.293 715 847
10⅞	.297 945 205	.297 131 148
11	.301 369 863	.300 546 448
11⅛	.304 794 521	.303 961 749
11¼	.308 219 178	.307 377 049
11⅜	.311 643 836	.310 792 350
11½	.315 068 493	.314 207 650
11⅝	.318 493 151	.317 622 951
11¾	.321 917 808	.321 038 251
11⅞	.325 342 466	.324 453 552
12	.328 767 123	.327 868 852

[38 FR 7078, Mar. 15, 1973, 38 FR 8153, Mar. 29, 1973; 38 FR 10004, Apr. 23, 1973, as amended at 44 FR 34125, June 14, 1979]

Subpart F—Assignments of Registered Securities—General

§ 306.40 Execution of assignments or special endorsements.

(a) *Execution of assignments.* The assignment of a registered security should be executed by the owner or his authorized representative in the presence of an officer authorized to certify assignments. All assignments must be made on the backs of the securities, unless otherwise authorized by the Bureau, a Federal Reserve bank or branch. An assignment by mark (X) must be witnessed not only by a certifying officer but also by at least one other person, who should add an endorsement substantially as follows: "Witness to signature by mark," followed by his signature and address.

(b) *Special endorsement in lieu of assignments.* A security may be presented without assignment for any authorized transaction by a financial institution which is:

(1) A member of the Federal Reserve System, (2) a member of the Federal Home Loan Bank System, or (3) insured by the Federal Deposit Insurance Corporation, provided full instructions are furnished as to the transaction desired and the security bears the endorsement, under the official seal of the institution, as follows:

Presented in accordance with instructions of the owner(s).

Absence of assignment guaranteed.

____

(Name of financial institution)

By ______________________________

(Signature and title of officer)

____

(Date)

This form of endorsement of a security will be an unconditional guarantee to the Department of the Treasury that the institution is acting as attorney in fact for the registered owner, or his assignee, under proper authorization and that the officer is duly authorized to act.

§ 306.41 Form of assignment.

Registered securities may be assigned in blank, to bearer, to a specified transferee, to the Secretary of the Treasury for exchange for coupon securities, or to the Secretary of the Treasury for redemption or for exchange for other securities offered at maturity, upon call or pursuant to an advance refunding or prerefunding offer. Assignments to "The Secretary of the Treasury," "The Secretary of the Treasury for transfer," or "The Secretary of the Treasury for exchange" will not be accepted unless supplemented by specific instructions by or in behalf of the owner.

§ 306.42 Alterations and erasures.

If an alteration or erasure has been made in an assignment, the assignor should appear before an authorized certifying officer and execute a new assignment to the same assignee. If the new assignment is to other than the assignee whose name has been altered or erased, a disclaimer from the first-named assignee should be obtained. Otherwise, an affidavit of explanation by the person responsible for the alteration or erasure should be submitted for consideration.

§ 306.43 Voidance of assignments.

An assignment of a security to or for the account of another person, not completed by delivery, may be voided by a disclaimer of interest from that person. This disclaimer should be executed in the presence of an officer authorized to certify assignments of securities. Unless otherwise authorized by the Bureau or a Federal Reserve bank or branch, the disclaimer must be written, typed, or stamped on the back of the security in substantially the following form:

The undersigned as assignee of this security hereby disclaims any interest herein.

____

(Signature)

I certify that the above-named person as described, whose identity is well known or proved to me, personally appeared before me the —— day of ——— (Month and year) at ——————— (Place) and signed the above disclaimer of interest.

(SEAL) ______________________________

(Signature and official designation of certifying officer)

In the absence of a disclaimer, an affidavit or affidavits should be submitted for consideration explaining why a disclaimer cannot be obtained, reciting all other material facts and circumstances relating to the transaction, including whether or not the security was delivered to the person named as assignee and whether or not the affiants know of any basis for the assignee claiming any right, title, or interest in the security. After an assignment has been voided, in order to dispose of the security, an assignment by or on behalf of the owner will be required.

§ 306.44 Discrepancies in names.

The Department will ordinarily require an explanation of discrepancies in the names which appear in inscriptions, assignments, supporting evidence or in the signatures to any assignments. (Form PD 385 may be used for this purpose.) However, where the variations in the name of the registered owner, as inscribed on securities of the same or different issues, are such that both may properly represent the same person, for example, "J. T. Smith" and "John T. Smith," no proof of identity will be required if the assignments are signed exactly as the securities are inscribed and are duly certified by the same certifying officer.

§ 306.45 Officers authorized to certify assignments.

(a) *Officers authorized generally.* The following persons are authorized to act as certifying officers for the purpose of certifying assignments of, or forms with respect to, securities:

(1) Officers and employees of banks and trust companies incorporated in the United States, its territories or possessions, or the Commonwealth of Puerto Rico, Federal Savings and Loan Associations, or other organizations which are members of the Federal Home Loan Bank System, who have been authorized to:

(i) Generally bind their respective institutions by their acts,

(ii) Unqualifiedly guarantee signatures to assignments of securities, or

(iii) Expressly certify assignments of securities.

(2) Officers of Federal Reserve banks and branches.

(3) Officers of Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives, the Central Bank for Cooperatives, and Federal Home Loan Banks.

(4) U.S. Attorneys, Collectors of Customs, and Regional Commissioners, District Directors, and Service Center Directors, Internal Revenue Service.

(5) Judges and Clerks of U.S. Courts.

(b) *Authorized officers in foreign countries.* The following are authorized to certify assignments in foreign countries:

(1) U.S. diplomatic or consular representatives.

(2) Managers, assistant managers and other officers of foreign branches of banks or trust companies incorporated in the United States, its territories or possessions, or the Commonwealth of Puerto Rico.

(3) Notaries public and other officers authorized to administer oaths. The official position and authority of any such officer must be certified by a U.S. Diplomatic or consular representative under seal of his office.

(c) *Officers having limited authority.* The following are authorized to certify assignments to the extent set forth in connection with each class of officers:

(1) Postmasters, acting postmasters, assistant postmasters, inspectors in charge, chief and assistant chief accountants, and superintendents of stations of any post office, notaries public and justices of the peace in the United States, its territories and possessions, the Commonwealth of Puerto Rico and the Canal Zone, but only for assignment of securities for redemption for the account of the assignor, or for redemption exchange, or pursuant to an advance refunding or prerefunding offer for other securities to be registered in his name, or in his name with a joint owner. The signature of any post office official, other than a postmaster, must be in the following form: "John A. Doe, Postmaster, by Richard B. Roe, Superintendent of Station."

(2) Commissioned officers and warrant officers of the Armed Forces of

the United States for assignment of securities of any class for any authorized transaction, but only with respect to assignments executed by:

(i) Armed Forces personnel and civilian field employees, and (ii) members of the families of such personnel or civilian employees.

(d) *Special provisions for certifying assignments.* The Commissioner of the Public Debt, the Chief of the Division of Securities Operations, or any Federal Reserve bank or branch, is authorized to make special provisions for any case or class of cases.

§ 306.46 Duties and responsibilities of certifying officer.

A certifying officer must require execution of an assignment, or a form with respect to securities, in his presence after he has established the identity of the assignor and before he certifies the signature. He must then complete the certification. An employee who is not an officer should insert "Authorized signature" in the space provided for the title. However, an assignment of a security need not be executed in the presence of the certifying officer if he unqualifiedly guarantees the signature thereto, in which case he must place his endorsement on the security, following the signature, in the form "Signature guaranteed, First National Bank of Jonesville, Jonesville, N.H., by A. B. Doe, President," and add the date. The certifying officer and, if he is an officer or employee of an organization, the organization will be held responsible for any loss the United States may suffer as the result of his fault or negligence.

§ 306.47 Evidence of certifying officer's authority.

The authority of an individual to act as a certifying officer is established by affixing to a certification of an assignment, or a form with respect to securities, or an unqualified guarantee of a signature to an assignment, either:

(a) The official seal of the organization, or (b) a legible imprint of the issuing agent's dating stamp, if the organization is an authorized issuing agent for U.S. Savings Bonds of Series E. Use of such stamp shall result in the same responsibility on the part of the organization as if its official seal were used. A certification which does not bear a seal or issuing agent's dating stamp will not be accepted. Any post office official must use the official stamp of his office. A commissioned or warrant officer of any of the Armed Forces of the United States should indicate his rank and state that the person executing the assignment is one of the class whose signature he is authorized to certify. A judge or clerk of court must use the seal of the court. Any other certifying officer must use his official seal or stamp, if any, but, if he has neither, his official position and a specimen of his signature must be certified by some other authorized officer under official seal or stamp or otherwise proved to the satisfaction of the Department.

§ 306.48 Interested persons not to act as certifying officer or witness.

Neither the assignor, the assignee, nor any person having an interest in a security may act as a certifying officer, or as a witness to an assignment by mark. However, a bank officer may certify an assignment to the bank, or an assignment executed by another officer in its behalf.

§ 306.49 Nontransferable securities.

The provisions of this subpart, so far as applicable, govern transactions in Treasury Bonds, Investment Series B-1975-80.

Subpart G—Assignments by or in Behalf of Individuals

§ 306.55 Signatures, minor errors and change of name.

The owner's signature to an assignment should be in the form in which the security is inscribed or assigned, unless such inscription or assignment is incorrect or the name has since been changed. In case of a change of name, the signature to the assignment should show both names and the manner in which the change was made, for example, "John Young, changed by order of court from Hans Jung." Evidence of the change will be required. However, no evidence is required to support an assignment if the change resulted from marriage and the signature, which must be duly certified by an authorized officer, is written to show that fact, for example, "Mrs. Mary J. Brown, changed by marriage from Miss Mary Jones."

§ 306.56 Assignment of securities registered in the names of or assigned to two or more persons.

(a) *Transfer or exchange.* Securities registered in the names of or assigned to two or more persons may be transferred or exchanged for coupon bonds during the lives of all the joint owners only upon assignments by all or on their behalf by authorized representatives. Upon proof of the death of one, the Department will accept an assignment by or in behalf of the survivor or survivors, unless the form of registration or assignment includes words which precludes the right of survivorship.[9] In the latter case, in addition to assignment by or in behalf of the survivor or survivors, an assignment in behalf of the decedent's estate will be required.

(b) *Advance refunding or prerefunding offers.* No assignments are required for exchange of securities registered in the names of or assigned to two or more persons if the securities to be received in the exchange are to be registered in the same names and form. If bearer securities or securities in a different form are to be issued, all persons named must assign, except that in case of death paragraph (a) of this section shall apply.

(c) *Redemption or redemption-exchange*—(1) *Alternative registration or assignment.* Securities registered in the names of or assigned to two or more persons in the alternative, for example, "John B. Smith or Mrs. Mary J. Smith" or "John B. Smith or Mrs. Mary J. Smith or the survivor," may be assigned by one of them at maturity or upon call, for redemption or redemption-exchange, for his own account or otherwise, whether or not the other joint owner or owners are deceased.

(2) *Joint registration or assignment.* Securities registered in the names of or assigned to two or more persons jointly, for example, "John B. Smith and Mrs. Mary J. Smith," or "John B. Smith and Mrs. Mary J. Smith as tenants in common," or "John B. Smith and Mary J. Smith as partners in community," may be assigned by one of them during the lives of all only for redemption at maturity or upon call, and then only for redemption for the account of all. No assignments are required for redemption-exchange for securities to be registered in the same names and forms as appear in the registration or assignment of the securities surrendered. Upon proof of the death of a joint owner, the survivor or survivors may assign securities so registered or assigned for redemption or redemption-exchange for any account, except that, if words which preclude the right of survivorship [9] appear in the registration or assignment, assignment in behalf of the decedent's estate also will be required.

§ 306.57 Minors and incompetents.

(a) *Assignments by natural guardian of securities registered in name of minor.* Securities registered in the name of a minor for whose estate no legal guardian or similar representative has qualified may be assigned by the natural guardian upon qualification. (Form PD 2481 may be used for this purpose.)

(b) *Assignments of securities registered in name of natural guardian of minor.* Securities registered in the name of a natural guardian of a minor may be assigned by the natural guardian for any authorized transaction except one for the apparent benefit of the natural guardian. If the natural guardian in whose name the securities are registered is deceased or is no longer qualified to act as natural guardian, the securities may be assigned by the person then acting as natural guardian. The assignment by the new natural guardian should be supported by proof of the death or disqualification of the former natural guardian and by evidence of his own status as natural guardian. (Form PD 2481 may be used for this purpose.) No assignment by a natural guardian will be accepted after receipt of notice of the minor's attainment of majority, removal of his disability of minority, disqualification of the natural guardian to act as such, qualification of a legal guardian or similar representative, or the death of the minor.

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[9] See § 306.11(a)(2) for forms of registration expressing or precluding survivorship.

(c) *Assignments by voluntary guardian of incompetents.* Registered securities belonging to an incompetent for whose estate no legal guardian or similar representative is legally qualified may be assigned by the relative responsible for his care and support or some other person as voluntary guardian:

(1) For redemption or exchange for bearer securities, if the proceeds of the securities are needed to pay expenses already incurred, or to be incurred during any 90-day period, for the care and support of the incompetent or his legal dependents.

(2) For redemption-exchange, if the securities are matured or have been called, or pursuant to an advance refunding or prerefunding offer, for reinvestment in other securities to be registered in the form "A, an incompetent (123-45-6789) under voluntary guardianship."

An application on Form PD 1461 by the person seeking authority to act as voluntary guardian will be required.

(d) *Assignments by legal guardians of minors or incompetents.* Securities registered in the name and title of the legal guardian or similar representative of the estate of a minor or incompetent may be assigned by the representative for any authorized transaction without proof of his qualification. Assignments by a representative of any other securities belonging to a minor or incompetent must be supported by properly certified evidence of qualification. The evidence must be dated not more than 1 year before the date of the assignments and must contain a statement showing the appointment is in full force unless (1) it shows the appointment was made not more than 1 year before the date of the assignment, or (2) the representative or a corepresentative is a corporation. An assignment by the representative will not be accepted after receipt of notice of termination of the guardianship, except for transfer to the former ward.

§ 306.58 Nontransferable securities.

The provisions of this subpart, so far as applicable, govern transactions in Treasury Bonds, Investment Series B-1975-80.

Subpart H—Assignments in Behalf of Estates of Deceased Owners

§ 306.65 Special provisions applicable to small amounts of securities, interest checks or redemption checks.

Entitlement to, or the authority to dispose of, a small amount of securities and checks issued in payment thereof or in payment of interest thereon, belonging to the estate of a decedent, may be established through the use of certain short forms, according to the aggregate amount of securities and checks involved (excluding checks representing interest on the securities), as indicated by the following table.

Amount	Circumstances	Form	To be executed by—
$100	No administration	PD2216	Person who paid burial expenses
500	Estate being administered	PD2488	Executor or administrator
500	Estate settled	PD2458-1	Former executor or administrator attorneys or other qualified person

§ 306.66 Estates—administration.

(a) *Temporary or special administrators.* Temporary or special administrators may assign securities for any authorized transaction within the scope of their authority. The assignments must be supported by:

(1) *Temporary administrators.* A certificate, under court seal, showing the appointment in full force within thirty days preceding the date of receipt of the securities.

(2) *Special administrators.* A certificate, under court seal showing the appointment in full force within 6 months preceding the date of receipt of the securities.

Authority for assignments for transactions not within the scope of appointment must be established by a duly certified copy of a special order of court.

(b) *In course of administration.* A security belonging to the estate of a decedent which is being administered by a duly qualified executor or general administrator will be accepted for any authorized transaction upon assignment by such representative. (See § 306.77.) Unless the security is registered in the name of and shows the capacity of the representative, the assignment must be supported by a certificate or a copy of the letters of appointment, certified under court seal. The certificate or certification, if required, must be dated not more than 6 months before the date of the assignment and must contain a statement that the appointment is in full force, unless:

(1) It shows the appointment was made not more than 1 year before the date of the assignment, or (2) the representative or a corepresentative is a corporation, or (3) redemption is being made for application of the proceeds in payment of Federal estate taxes as provided by § 306.28.

(c) *After settlement through court proceedings.* Securities belonging to the estate of a decedent which has been settled in court will be accepted for any authorized transaction upon assignments by the person or persons entitled, as determined by the court. The assignments should be supported by a copy, certified under court seal, of the decree of distribution, the representative's final account as approved by the court, or other pertinent court records.

§ 306.67 Estates not administered.

(a) *Special provisions under State laws.* If, under State law, a person has been recognized or appointed to receive or distribute the assets of a decedent's estate without regular administration, his assignment of securities belonging to the estate will be accepted provided he submits appropriate evidence of his authority.

(b) *Agreement of persons entitled.* When it appears that no legal representative of a decedent's estate has been or is to be appointed, securities belonging to the estate may be duly disposed of pursuant to an agreement and assignment by all persons entitled to share in the decedent's personal estate. (Form PD 1646 may be used.) However, all debts of the decedent and his estate must be paid or provided for and the interests of any minors or incompetents must be protected.

§ 306.68 Nontransferable securities.

The provisions of this subpart, so far as applicable, govern transactions in Treasury Bonds, Investment Series B-1975-80.

Subpart I—Assignments by or in Behalf of Trustees and Similar Fiduciaries

§ 306.75 Individual fiduciaries.

(a) *General.* Securities registered in, or assigned to, the names and titles of individual fiduciaries will be accepted for any authorized transaction upon assignment by the designated fiduciaries without proof of their qualification. If the fiduciaries in whose names the securities are registered, or to whom they have been assigned, have been succeeded by other fiduciaries, evidence of successorship must be furnished. If the appointment of a successor is not required under the terms of the trust instrument or otherwise and is not contemplated, assignments by the surviving or remaining fiduciary or fiduciaries must be supported by appropriate proof. This requires:

(1) Proof of the death, resignation, removal or disqualification of the former fiduciary and (2) evidence that the surviving or remaining fiduciary or fiduciaries are fully qualified to administer the fiduciary estate, which may be in the form of a certificate by them showing the appointment of a successor has not been applied for, is not contemplated and is not necessary under the terms of the trust instrument or otherwise. Assignments of securities registered in the titles, without the names of the fiduciaries, for example, "Trustees of the George E. White Memorial Scholarship Fund under deed of trust dated 11/10/40, executed by John W. White," must be supported by proof that the assignors are the qualified and acting trustees of

the designated trust estate, unless they are empowered to act as a unit in which case the provisions of § 306.76 shall apply. (Form PD 2446 may be used to furnish proof of incumbency of fiduciaries.) Assignments by fiduciaries of securities not registered or assigned in such manner as to show that they belong to the estate for which the assignors are acting must also be supported by evidence that the estate is entitled to the securities.

(b) *Life tenants.* Upon termination of a life estate by reason of the death of the life tenant in whose name a security is registered, or to whom it has been assigned, the security will be accepted for any authorized transaction upon assignment by the remainderman, supported by evidence of entitlement.

§ 306.76 Fiduciaries acting as a unit.

Securities registered in the name of or assigned to a board, committee or other body authorized to act as a unit for any public or private trust estate may be assigned for any authorized transaction by anyone authorized to act in behalf of such body. Except as otherwise provided in this section, the assignments must be supported by a copy of a resolution adopted by the body, properly certified under its seal, or, if none, sworn to by a member of the body having access to its records. (Form PD 2495 may be used.) If the person assigning is designated in the resolution by title only, his incumbency must be duly certified by another member of the body. (Form PD 2446 may be used.) If the fiduciaries of any trust estate are empowered to act as a unit, although not designated as a board, committee or other body, securities registered in their names or assigned to them as such, or in their titles without their names, may be assigned by anyone authorized by the group to act in its behalf. Such assignments may be supported by a sworn copy of a resolution adopted by the group in accordance with the terms of the trust instrument, and proof of their authority to act as a unit may be required. As an alternative, assignments by all the fiduciaries, supported by proof of their incumbency, if not named on the securities, will be accepted.

[38 FR 7078, Mar. 15, 1973; 38 FR 10004, Apr. 23, 1973]

§ 306.77 Corepresentatives and fiduciaries.

If there are two or more executors, administrators, guardians or similar representatives, or trustees of an estate, all must unite in the assignment of any securities belonging to the estate. However, when a statute, a decree of court, or the instrument under which the representatives or fiduciaries are acting provides otherwise, assignments in accordance with their authority will be accepted. If the securities have matured or been called and are submitted for redemption for the account of all, or for redemption-exchange or pursuant to an advance refunding or prerefunding offer, and the securities offered in exchange are to be registered in the names of all, no assignment is required.

§ 306.78 Nontransferable securities.

The provisions of this subpart, so far as applicable, govern assignments of Treasury Bonds, Investment Series B-1975-80.

Subpart J—Assignments in Behalf of Private or Public Organizations

§ 306.85 Private corporations and unincorporated associations (including nominees).

Securities registered in the name of, or assigned to, an unincorporated association, or a private corporation in its own right or in a representative or fiduciary capacity, or as nominee, may be assigned in its behalf for any authorized transaction by any duly authorized officer or officers. Evidence, in the form of a resolution of the governing body, authorizing the assigning officer to assign, or to sell, or to otherwise dispose of the securities will ordinarily be required. Resolutions may relate to any or all registered securities owned by the organization or held by it in a representative or fiduciary capacity. (Form PD 1010, or any substantially similar form, may be used when the authority relates to specific securities; Form PD 1011, or any substantially similar form, may be used for securities generally.) If the officer derives his authority from a charter, constitution or bylaws, a copy, or a pertinent extract therefrom, properly certified, will be required in lieu of a resolution. If the resolution or other supporting document shows the title of an authorized officer, without his name, it must be supplemented by a certificate of incumbency. (Form PD 1014 may be used.)

§ 306.86 Change of name and succession of private organizations.

If a private corporation or unincorporated association changes its name or is lawfully succeeded by another corporation or unincorporated association, its securities may be assigned in behalf of the organization in its new name or that of its successor by an authorized officer in accordance with § 306.85. The assignment must be supported by evidence of the change of name or successorship.

§ 306.87 Partnerships (including nominee partnerships).

An assignment of a security registered in the name of or assigned to a partnership must be executed by a general partner. Upon dissolution of a partnership, assignment by all living partners and by the persons entitled to assign in behalf of any deceased partner's estate will be required unless the laws of the jurisdiction authorize a general partner to bind the partnership by any act appropriate for winding up partnership affairs. In those cases where assignments by or in behalf of all partners are required this fact must be shown in the assignment; otherwise, an affidavit by a former general partner must be furnished identifying all the persons who had been partners immediately prior to dissolution. Upon voluntary dissolution, for any jurisdiction where a general partner may not act in winding up partnership affairs, an assignment by a liquidating partner, as such, must be supported by a duly executed agreement among the partners appointing the liquidating partner.

§ 306.88 Political entities and public corporations.

Securities registered in the name of, or assigned to, a State, county, city, town, village, school district or other political entity, public body or corporation, may be assigned by a duly authorized officer, supported by evidence of his authority.

§ 306.89 Public officers.

Securities registered in the name of, or assigned to, a public officer designated by title may be assigned by such officer, supported by evidence of incumbency. Assignments for the officer's own apparent individual benefit will not be recognized.

§ 306.90 Nontransferable securities.

The provisions of this subpart apply to Treasury Bonds, Investment Series B-1975-80.

Subpart K—Attorneys in Fact

§ 306.95 Attorneys in fact.

(a) *General.* Assignments by an attorney in fact will be recognized if supported by an adequate power of attorney. Every power must be executed in the presence of an authorized certifying officer under the conditions set out in § 306.45 for certification of assignments. Powers need not be submitted to support redemption-exchanges or exchanges pursuant to advance refunding or prefunding offers where the securities to be issued are to be registered in the same names and forms as appear in the inscriptions or assignments of the securities surrendered. In all other cases, the original power, or a photocopy showing the grantor's autograph signature, properly certified, must be submitted, together with the security assigned on the owner's behalf by the attorney in fact. An assignment by a substitute attorney in fact must be supported by an authorizing power of attorney and power of substitution. An assignment by an attorney in fact or a substitute attorney in fact for the apparent benefit of either will not be accepted unless expressly authorized. (Form PD 1001 or 1003, as appropriate, may be used to appoint an attorney in fact. An attorney in fact may use Form PD 1006 or 1008 to appoint a substitute. However, any form sufficient in substance may be used.) If there are two or more joint attorneys in fact or substitutes, all must unite in an assignment, unless the power authorizes less than all to act. A power of attorney or of substitution not coupled with an interest will be recognized until the Bureau receives proof of revocation or proof of the grantor's death or incompetency.

(b) *For legal representatives and fiduciaries.* Assignments by an attorney in fact or substitute attorney in fact for a legal representative or fiduciary, in addition to the power of attorney and of substitution, must be supported by evidence, if any, as required by §§ 306.57(d), 306.66(b), 306.75, and 306.76. Powers must specifically designate the securities to be assigned.

(c) *For corporations or unincorporated associations.* Assignments by an attorney in fact or a substitute attorney in fact in behalf of a corporation or unincorporated association, in addition to the power of attorney and power of substitution, must be supported by one of the following documents certified under seal of the organization, or, if it has no seal, sworn to by an officer who has access to the records:

(1) A copy of the resolution of the governing body authorizing an officer to appoint an attorney in fact, with power of substitution, if pertinent, to assign, or to sell, or to otherwise dispose of, the securities, or

(2) A copy of the charter, constitution, or bylaws, or a pertinent extract therefrom, showing the authority of an officer to appoint an attorney in fact, or

(3) A copy of the resolution of the governing body directly appointing an attorney in fact.

If the resolution or other supporting document shows only the title of the authorized officer, without his name, a certificate of incumbency must also be furnished. (Form PD 1014 may be used.) The power may not be broader than the resolution or other authority.

(d) *For public corporations.* A general power of attorney in behalf of a public corporation will be recognized only if it is authorized by statute.

§ 306.96 Nontransferable securities.

The provisions of this subpart shall apply to nontransferable securities, subject only to the limitations imposed by the terms of the particular issues.

Subpart L—Transfer Through Judicial Proceedings

§ 306.100 Transferable securities.

The Department will recognize valid judicial proceedings affecting the ownership of or interest in transferable securities, upon presentation of the securities together with evidence of the proceedings. In the case of securities registered in the names of two or more persons, the extent of their respective interests in the securities must be determined by the court in proceedings to which they are parties or must otherwise be validly established.[10]

§ 306.101 Evidence required.

Copies of a final judgment, decree, or order of court and of any necessary supplementary proceedings must be submitted. Assignments by a trustee in bankruptcy or a receiver of an insolvent's estate must be supported by evidence of his qualification. Assignments by a receiver in equity or a similar court officer must be supported by a copy of an order authorizing him to assign, or to sell, or to otherwise dispose of, the securities. Where the documents are dated more than 6 months prior to presentation of the securities, there must also be submitted a certificate dated within 6 months of presentation of the securities, showing the judgment, decree, or order, or evidence of qualification, is in full force. Any such evidence must be certified under court seal.

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[10] Title in a finder claiming ownership of a registered security will not be recognized. A finder claiming ownership of a bearer security or a registered security assigned in blank or so assigned as to become in effect payable to bearer must perfect his title in accordance with the provisions of State law. If there are no such provisions, the Department will not recognize his title to the security.

§ 306.102 Nontransferable securities.

The provisions of this subpart shall apply to Treasury Bonds, Investment Series B-1975-80, except that prior to maturity any reference to assignments shall be deemed to refer to assignments of the bonds for exchange for the current series of 1½ percent 5-year EA or EO Treasury notes.

Subpart M—Requests for Suspension of Transactions

§ 306.105 Requests for suspension of transactions in registered securities.

(a) *Timely notice.* If prior to the time a registered security bearing an apparently valid assignment has been functioned, a claim is received from the owner or his authorized representative showing that:

(1) The security was lost, stolen, or destroyed and that it was unassigned, or not so assigned as to have become in effect payable to bearer, or (2) the assignment was affected by fraud, the transaction for which the security was received will be suspended. The interested parties will be given a reasonable period of time in which to effect settlement of their interests by agreement, or to institute judicial proceedings.

(b) *Late notice.* If, after a registered security has been transferred, exchanged, or redeemed in reliance on an apparently valid assignment, an owner notifies the Bureau that the assignment was affected by fraud or that the security had been lost or stolen, the Department will undertake only to furnish available information.

(c) *Forged assignments.* A claim that an assignment of a registered security is a forgery will be investigated. If it is established that the assignment was in fact forged and that the owner did not authorize or ratify it, or receive any benefit therefrom, the Department will recognize his ownership and grant appropriate relief.

§ 306.106 Requests for suspension of transactions in bearer securities.

(a) *Securities not overdue.* Neither the Department nor any of its agents will accept notice of any claim or of pending judicial proceedings by any person for the purpose of suspending transactions in bearer securities, or registered securities so assigned as to become in effect payable to bearer which are not overdue as defined in § 306.25.[11] However, if the securities are received and retired, the department will undertake to notify persons who appear to be entitled to any available information concerning the source from which the securities were received.

(b) *Overdue securities.* Reports that bearer securities, or registered securities so assigned as to become in effect payable to bearer, were lost, stolen, or possibly destroyed after they became overdue as defined in § 306.25 will be accepted by the Bureau for the purpose of suspending redemption of the securities if the claimant establishes his interest. If the securities are presented, their redemption will be suspended and the presenter and the claimant will each be given an opportunity to establish ownership.

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[11] It has been the longstanding policy of the Department to assume no responsibility for the protection of bearer securities not in the possession of persons claiming rights therein and to give no effect to any notice of such claims. This policy was formalized on April 27, 1867, when the Secretary of the Treasury issued the following statement:

"In consequence of the increasing trouble, wholly without practical benefit, arising from notices which are constantly received at the Department respecting the loss of coupon bonds, which are payable to bearer, and of Treasury notes issued and remaining in blank at the time of loss, it becomes necessary to give this public notice, that the Government cannot protect and will not undertake to protect the owners of such bonds and notes against the consequences of their own fault or misfortune."

"Hereafter all bonds, notes, and coupons, payable to bearer, and Treasury notes issued and remaining in blank, will be paid to the party presenting them in pursuance of the regulations of the Department, in the course of regular business; and no attention will be paid to caveats which may be filed for the purpose of preventing such payment."

Subpart N—Relief for Loss, Theft, Destruction, Mutilation, or Defacement of Securities

§ 306.110 Statutory authority and requirements.

Relief is authorized, under certain conditions, for the loss, theft, destruction, mutilation or defacement of U.S. securities, whether before, at, or after maturity. A bond of indemnity, in such form and with such surety, sureties or security as may be required to protect the interests of the United States, is required as a condition of relief on account of any bearer security or any registered security assigned in blank or so assigned as to become in effect payable to bearer, and is ordinarily required in the case of unassigned registered securities.

§ 306.111 Procedure for applying for relief.

Prompt report of the loss, theft, destruction, mutilation or defacement of a security should be made to the Bureau. The report should include:

(a) The name and present address of the owner and his address at the time the security was issued, and, if the report is made by some other person, the capacity in which he represents the owner.

(b) The identity of the security by title of loan, issue date, interest rate, serial number and denomination, and in the case of a registered security, the exact form of inscription and a full description of any assignment, endorsement or other writing.

(c) A full statement of the circumstances.

All available portions of a mutilated, defaced or partially destroyed security must also be submitted.

§ 306.112 Type of relief granted.

(a) *Prior to call or maturity.* After a claim on account of the loss, theft, destruction, mutilation, or defacement of a security which has not matured or been called has been satisfactorily established and the conditions for granting relief have been met, a security of like description will be issued to replace the original security.

(b) *At or after call or maturity.* Payment will be made on account of the loss, theft, destruction, mutilation, or defacement of a called or matured security after the claim has been satisfactorily established and the conditions for granting relief have been met.

(c) *Interest coupons.* Where relief has been authorized on account of a destroyed, mutilated or defaced coupon security which has not matured or been called, the replacement security will have attached all unmatured interest coupons if it is established to the satisfaction of the Secretary of the Treasury that the coupons were attached to the original security at the time of its destruction, mutilation or defacement. In every other case only those unmatured interest coupons for which the Department has received payment will be attached. The price of the coupons will be their value as determined by the Department at the time relief is authorized using interest rate factors based on then current market yields on Treasury securities of comparable maturities.

§ 306.113 Cases not requiring bonds of indemnity.

A bond of indemnity will not be required as a condition of relief for the loss, theft, destruction, mutilation, or defacement of registered securities in any of the following classes of cases unless the Secretary of the Treasury deems it essential in the public interest:

(a) If the loss, theft, destruction, mutilation, or defacement, as the case may be, occurred while the security was in the custody or control of the United States, or a duly authorized agent thereof (not including the Postal Service when acting solely in its capacity as public carrier of the mails), or while in the course of shipment effected under regulations issued pursuant to the Government Losses in Shipment Act (Parts 260, 261, and 262 of this chapter).

(b) If substantially the entire security is presented and surrendered and the Security of the Treasury is satisfied as to the identity of the security and that any missing portions are not sufficient to form the basis of a valid claim against the United States.

(c) If the security is one which by the provisions of law or by the terms of its issue is nontransferable or is transferable only by operation of law.

(d) If the owner or holder is the United States, a Federal Reserve bank, a Federal Government corporation, a State, the District of Columbia, a territory or possession of the United States, a municipal corporation, or, if applicable, a political subdivision of any of the foregoing, or a foreign government.

Subpart O—Book-Entry Procedure

§ 306.115 Definition of terms.

In this subpart, unless the context otherwise requires or indicates:

(a) "Reserve Bank" means a Federal Reserve bank and its branches acting as Fiscal Agent of the United States and when indicated acting in its individual capacity.

(b) "Treasury security" means a Treasury bond, note, certificate of indebtedness, or bill issued under the Second Liberty Bond Act, as amended, in the form of a definitive Treasury security or a book-entry Treasury security.

(c) "Definitive Treasury security" means a Treasury bond, note, certificate of indebtedness, or bill issued under the Second Liberty Bond Act, as amended, in engraved or printed form.

(d) "Book-entry Treasury security" means a Treasury bond, note, certificate of indebtedness, or bill issued under the Second Liberty Bond Act, as amended, in the form an entry made as prescribed in this subpart on the records of a Reserve Bank.

(e) "Pledge" includes a pledge of, or any other security interest in, Treasury securities as collateral for loans or advances or to secure deposits of public monies or the performance of an obligation.

(f) "Date of call" (see § 306.2) is "the date fixed in the official notice of call published in the FEDERAL REGISTER * * * on which the obligor will make payment of the security before maturity in accordance with its terms."

(g) "Member bank" means any national bank, State bank or bank or trust company which is member of a Reserve Bank.

[38 FR 7078, Mar. 15, 1973; 38 FR 10004, Apr. 23, 1973]

§ 306.116 Authority of Reserve Banks.

Each Reserve Bank is hereby authorized, in accordance with the provisions of this subpart, to:

(a) Issue book-entry Treasury securities by means of entries on its records which shall include the name of the depositor, the amount, the loan title (or series) and maturity date; (b) effect conversions between book-entry Treasury securities and definitive Treasury securities; (c) otherwise service and maintain book-entry Treasury securities; and (d) issue a confirmation of transaction in the form of a written advice (serially numbered or otherwise) which specifies the amount and description of any securities, that is, loan title (or series) and maturity date, sold or transferred and the date of the transaction.

§ 306.117 Scope and effect of book-entry procedure.

(a) A Reserve bank as fiscal agent of the United States may apply the book-entry procedure provided for in this subpart to any Treasury securities which have been or are hereafter deposited for any purpose in accounts with it in its individual capacity under terms and conditions which indicate that the Reserve bank will continue to maintain such deposit accounts in its individual capacity, notwithstanding application of the book-entry procedure to such securities. This paragraph is applicable, but not limited, to securities deposited:[12]

(1) As collateral pledged to a Reserve bank (in its individual capacity) for advances by it;

(2) By a member bank for its sole account;

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[12] The appendix to this subpart contains rules of identification of book-entry securities for Federal income tax purposes.

(3) By a member bank held for the account of its customers;

(4) In connection with deposits in a member bank of funds of States, municipalities, or other political subdivisions; or

(5) In connection with the performance of an obligation or duty under Federal, State, municipal, or local law, or judgments or decrees of courts.

The application of the book-entry procedure under this paragraph shall not derogate from or adversely affect the relationships that would otherwise exist between a Reserve bank in its individual capacity and its depositors concerning any deposits under this paragraph. Whenever the book-entry procedure is applied to such Treasury securities, the Reserve bank is authorized to take all action necessary in respect of the book-entry procedure to enable such Reserve bank in its individual capacity to perform its obligations as depositary with respect to such Treasury securities.

(b) A Reserve bank, as fiscal agent of the United States, shall apply the book-entry procedure to Treasury securities deposited as collateral pledged to the United States under current revisions of Department of the Treasury Circulars Nos. 92 and 176 (Parts 203 and 202 of this chapter), and may apply the book-entry procedure, with the approval of the Secretary of the Treasury, to any other Treasury securities deposited with a Reserve bank, as fiscal agent of the United States.

(c) Any person having an interest in Treasury securities which are deposited with a Reserve bank (in either its individual capacity or as fiscal agent) for any purpose shall be deemed to have consented to their conversion to book-entry Treasury securities pursuant to the provisions of this subpart, and in the manner and under the procedures prescribed by the Reserve bank.

(d) No deposits shall be accepted under this section on or after the date of maturity or call of the securities.

§ 306.118 Transfer or pledge.

(a) A transfer or a pledge of book-entry Treasury securities to a Reserve bank (in its individual capacity or as fiscal agent of the United States), or to the United States, or to any transferee or pledgee eligible to maintain an appropriate book-entry account in its name with a Reserve bank under this subpart, is effected and perfected, notwithstanding any provision of law to the contrary, by a Reserve bank making an appropriate entry in its records of the securities transferred or pledged. The making of such an entry in the records of a Reserve bank shall:

(1) Have the effect of a delivery in bearer form of definitive Treasury securities; (2) have the effect of a taking of delivery by the transferee or pledgee; (3) constitute the transferee or pledgee a holder; and (4) if a pledge, effect a perfected security interest therein in favor of the pledgee. A transfer or pledge of book-entry Treasury securities effected under this paragraph shall have priority over any transfer, pledge, or other interest, theretofore or thereafter effected or perfected under paragraph (b) of this section or in any other manner.

(b) A transfer or a pledge of transferable Treasury securities, or any interest therein, which is maintained by a Reserve bank (in its individual capacity or as fiscal agent of the United States) in a book-entry account under this subpart, including securities in book-entry form under § 306.117(a)(3), is effected, and a pledge is perfected, by any means that would be effective under applicable law to effect a transfer or to effect and perfect a pledge of the Treasury securities, or any interest therein, if the securities were maintained by the Reserve bank in bearer definitive form. For purposes of transfer or pledge hereunder, book-entry Treasury securities maintained by a Reserve bank shall, notwithstanding any provision of law to the contrary, be deemed to be maintained in bearer definitive form. A Reserve bank maintaining book-entry Treasury securities either in its individual capacity or as fiscal agent of the United States is not a bailee for purposes of notification of pledges of those securities under this section, or a third person in possession for purposes of acknowledgment of transfers thereof under this subsection. Where transferable Treasury securities are recorded on the books of a depositary (a bank, banking institution, financial firm, or similar party, which regularly accepts in the course of its business Treasury securities as a custodial service for customers, and maintains accounts in the names of such customers reflecting ownership of or interest in such securities) for account of the pledgor or transferor thereof and such securities are on deposit with a Reserve bank in a book-entry account hereunder, such depositary shall, for purposes of perfecting a pledge of such securities or effecting delivery of such securities to a purchaser under applicable provisions of law, be the bailee to which notification of the pledge of the securities may be given or the third person in possession from which acknowledgment of the holding of the securities for the purchaser may be obtained. A Reserve bank will not accept notice or advice of a transfer or pledge effected or perfected under this subsection, and any such notice or advice shall have no effect. A Reserve bank may continue to deal with its depositor in accordance with the provisions of this subpart, notwithstanding any transfer or pledge effected or perfected under this section.

(c) No filing or recording with a public recording office or officer shall be necessary or effective with respect to any transfer or pledge of book-entry Treasury securities or any interest therein.

(d) A Reserve bank shall, upon receipt of appropriate instructions, convert book-entry Treasury securities into definitive Treasury securities and deliver them in accordance with such instructions; no such conversion shall affect existing interests in such Treasury securities.

(e) A transfer of book-entry Treasury securities within a Reserve bank shall be made in accordance with procedures established by the bank not inconsistent with this subpart. The transfer of book-entry Treasury securities by a Reserve bank may be made through a telegraphic transfer procedure.

(f) All requests for transfer or withdrawal must be made prior to the maturity or date of call of the securities.

§ 306.119 Withdrawal of Treasury securities.

(a) A Depositor of book-entry Treasury securities may withdraw them from a Reserve bank by requesting delivery of like definitive Treasury securities to itself or on its order to a transferee.

(b) Treasury securities which are actually to be delivered upon withdrawal may be issued either in registered or in bearer form, except that Treasury bills and EA and EO series of Treasury notes will be issued in bearer form only.

§ 306.120 Delivery of Treasury securities.

A Reserve bank which has received Treasury securities and effected pledges, made entries regarding them, or transferred or delivered them according to the instructions of its depositor is not liable for conversion or for participation in breach of fiduciary duty even though the depositor had no right to dispose of or take other action in respect of the securities. A Reserve bank shall be fully discharged of its obligations under this subpart by the delivery of Treasury securities in definitive form to its depositor or upon the order of such depositor. Customers of a member bank or other depositary (other than a Reserve bank) may obtain Treasury securities in definitive form only by causing the depositor of the Reserve bank to order the withdrawal thereof from the Reserve bank.

§ 306.121 Registered bonds and notes.

No formal assignment shall be required for the conversion to book-entry Treasury securities of registered Treasury securities held by a Reserve bank (in either its individual capacity or as fiscal agent) on the effective date of this subpart for any purpose specified in § 306.117(a). Registered Treasury securities deposited thereafter with a Reserve bank for any purpose specified in § 306.117 shall be assigned for conversion to book-entry Treasury securities. The assignment, which shall be executed in accordance with the provisions of Subpart F of this part, so far as applicable, shall be to "Federal Reserve Bank of ——————, as fiscal agent of the

United States, for conversion to book-entry Treasury securities."

§ 306.122 Servicing book-entry Treasury securities; payment of interest, payment at maturity or upon call.

Interest becoming due on book-entry Treasury securities shall be charged in the "account of the United States Treasury" on the interest-due date and remitted or credited in accordance with the depositor's instructions. Such securities shall be redeemed and charged in the account on the date of maturity or call, and the redemption proceeds, principal and interest, shall be disposed of in accordance with the depositor's instructions.

[39 FR 20965, June 17, 1974]

APPENDIX TO SUBPART O—BOOK-ENTRY PROCEDURE

RECORDS FOR FEDERAL INCOME TAX PURPOSES

There are attached three documents in connection with the book-entry procedure which simplify recordkeeping for Federal income tax purposes. They apply to transferable Treasury bonds, notes, certificates of indebtedness, or bills issued under the Second Liberty Bond Act, as amended, and to "any other security of the United States." The quoted term is defined to include a bond, note, certificate of indebtedness, bill, debenture, or similar obligation which is subject to the provisions of 31 CFR Part 306, or other comparable Federal regulations and which is issued by any department or agency of the Government of the United States, or the Federal National Mortgage Association, the Federal Home Loan Banks, the Federal Land Banks, the Federal Intermediate Credit Banks, the Banks for Cooperatives, or the Tennessee Valley Authority.

The three documents are:

(1) The substance of Treasury Department Decision 7081, published in the FEDERAL REGISTER on December 31, 1970;[1]

(2) Revenue Ruling 71-21, published in Internal Revenue Bulletin 1971-3, dated January 18, 1971; and

(3) Revenue Ruling 71-15, published in Internal Revenue Bulletin 1971-3, dated January 18, 1971.

The first document modifies the tax identification rules regarding the determination of basis and holding period of securities held as investments. It applies to the sale or transfer of book-entry securities pursuant to a written instruction by a taxpayer. It permits the taxpayer in its written instruction to its bank or to the person through whom the taxpayer makes the sale or transfer to identify the securities being sold or transferred by specifying the unique lot number which he has assigned to the lot containing them.

The taxpayer may make the specification either—(a) in the written instruction, or (b) in the case of a taxpayer having a book-entry account at a Reserve bank, in a list of lot numbers with respect to all book-entry securities on the books of the Reserve bank sold or transferred by him on that date: *Provided*, The list is mailed to or received by the Reserve bank on or before the latter's next business day.

These provisions apply only if the taxpayer assigns lot numbers in numerical sequence to successive purchases of securities in the same loan title (series) and maturity date, except that securities of the same loan title (series) and maturity date which are purchased at the same price on the same date may be included within the same lot.

The written advice of transaction furnished to the taxpayer by the Reserve bank, or by his bank or any other person through whom the taxpayer makes the sale or transfer, which specifies the amount and the description of the securities sold or transferred and the date of the transaction is sufficient confirmation. The Reserve bank need not use or refer to the lot number.

The second document concerns an owner of securities who has assigned sequential numbers to his successive purchases. The owner retains full interest in the securities but transfers them to a bank which has a book-entry account which a Reserve bank, or to another party which transfers them to a bank which has a book-entry account with a Reserve bank.

When at a later date the bank instructs the Reserve bank to sell or transfer securities held in book entry for its customer, the bank need not refer to the sequential number which had been assigned on the owner's books.

The tax identification requirements are satisfied if the owner's written instruction to his bank or to the person through whom the taxpayer makes the sale or transfer sufficiently identifies the securities to be sold or transferred and refers to the lot number assigned to them in the owner's books. The bank's instruction to the Reserve bank will not refer to lot numbers; the Reserve bank will confirm the sale to the bank in the manner it deems appropriate. The member bank will confirm the sale or transfer to its customer by furnishing a written advice of transaction specifying the amount and description of the securities sold and the date of sale. The confirmation need not refer to lot number.

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[1] Filed as part of the original document. See 26 CFR 1.1012-1(c)(7).

This document also permits substantially the same kind of identification and confirmation procedures when securities are purchased through the book-entry account for the bank's customers.

The third document provides that a dealer, who properly holds securities in inventory in accordance with § 1.471-5 of the Income Tax Regulations and proposes to transfer them to a book-entry system in a Reserve bank, will continue to maintain his books and records for Federal income tax purposes with respect to such securities in accordance with § 1.471-5 of the regulations and not § 1.1012-1 of the regulations.

SECTION 1012—BASIS OF PROPERTY—COST

26 CFR 1.1012.1 *Basis of property. Rev. Rul. 71-21.*[2] A taxpayer owns as investments Treasury securities and certain other securities described in the new § 1.1012-1(c)(7)(iii)(*a*) of the Income Tax Regulations. The taxpayer owner will assign a lot number to the securities in his books. The numbers will be assigned in numerical sequence to successive purchases of the same loan title (series) and maturity date, except that securities of the same loan title (series) and maturity date which are purchased at the same price on the same date may be included in the same lot.

The owner proposes to retain full interest in the securities but he will transfer possession of them to a bank. That bank will not keep records of the securities by use of the above-described lot numbers. The bank will also take possession of like securities for other taxpayers.

The bank will transfer all of these securities to a book-entry system of a Federal Reserve bank. The securities will be entries in the book-entry account of the bank and, as such, the securities will no longer exist in definitive form. That account will not reflect the fact that the bank holds securities for several taxpayers.

When the owner wishes to sell certain securities, he will so instruct the bank in writing. The owner's instruction will sufficiently identify the securities to be sold, and will also refer to the lot number assigned in the books of the owner to the securities to be sold. The bank will then instruct, in writing, the Federal Reserve bank to transfer the securities. The latter instruction will not refer to the pertinent lot number. The Federal Reserve bank will confirm the sale to the bank in the manner it deems appropriate. The bank will confirm the sale to the owner by furnishing a written advice of transaction specifying the amount and description of the securities sold and the date of the sale. The confirmation will not refer to lot numbers.

When the owner desires to buy additional securities as investments of the kind described in the new § 1.1012-1(c)(7)(iii)(*a*) of the regulations, he will order the bank to purchase them. The bank will instruct the Federal Reserve bank to obtain the securities and to put them in the bank's book-entry account. The confirmation of the purchase from the Federal Reserve bank to the bank and from the bank to the owner will be of the nature used for the sale of securities. The owner will assign lot numbers in the manner described above to these purchased securities:

Held, the above procedure is consistent with the tax record requirements of new § 1.1012-1(c)(7) of the regulations. This procedure exemplifies the tax record requirements when securities are transferred by parties to a bank who has an account in the book-entry system of a Federal Reserve bank. The tax record requirements in the case of a bank who puts its own investment securities in the book-entry system are set forth in new § 1.1012-1(c) (7) of the regulations.

SECTION 471—GENERAL RULE FOR INVENTORIES

26 CFR 1.471-5 *Inventories by dealers in Rev. Rul. 71-15*[3] *securities. (Also section 1012; 1.1012-1.)* A dealer, as defined in section 1.471-5 of the Income Tax Regulations, holds Treasury securities and other securities of the United States. "Other securities of the United States" means a transferable bond, note, certificate of indebtedness, bill, debenture, or similar obligation which is subject to the provisions of 31 CFR Part 306 or other comparable Federal regulations and which is issued by (1) any department or agency of the Government of the United States, or (2) the Federal National Mortgage Association, the Federal Home Loan Bank, the Federal Land Banks, the Federal Intermediate Credit Banks, the Banks for Cooperatives, or the Tennessee Valley Authority.

The dealer properly holds such securities in inventory in accordance with § 1.471-5 of the Income Tax Regulations. He proposes to transfer those securities to a book-entry system maintained by a Federal Reserve bank. The dealer will continue to maintain his books and records for Federal income tax purposes with respect to such securities in accordance with § 1.471-5 of the regulations.

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[2] Also released as Technical Information Release 1063, dated December 30, 1970.

[3] Also released as Technical Information Release 1064, dated January 14, 1971.

Held, the dealer is not subject to the provisions of § 1.1012-1 of the regulations relating to identification of property with respect to such securities. Such a dealer must, however, comply with the provisions of § 1.471-5 of the regulations relating to inventory by dealers in securities.

Subpart P—Miscellaneous Provisions

§ 306.125 Additional requirements.

In any case or any class of cases arising under these regulations the Secretary of the Treasury may require such additional evidence and a bond of indemnity, with or without surety, as may in his judgment be necessary for the protection of the interests of the United States.

§ 306.126 Waiver of regulations.

The Secretary of the Treasury reserves the right, in his discretion, to waive or modify any provision or provisions of these regulations in any particular case or class of cases for the convenience of the United States or in order to relieve any person or persons of unnecessary hardship, if such action is not inconsistent with law, does not impair any existing rights, and he is satisfied that such action would not subject the United States to any substantial expense or liability.

§ 306.127 Preservation of existing rights.

Nothing contained in these regulations shall limit or restrict existing rights which holders of securities heretofore issued may have acquired under the circulars offering such securities for sale or under the regulations in force at the time of acquisition.

§ 306.128 Supplements, amendments or revisions.

The Secretary of the Treasury may at any time, or from time to time, prescribe additional supplemental, amendatory or revised regulations with respect to U.S. securities.

PART 308—GENERAL REGULATIONS GOVERNING FULL-PAID INTERIM CERTIFICATES

Sec.
308.1 Issue.
308.2 Exchange for definitive securities.
308.3 Exchanges of denominations.
308.4 Applicable regulations.
308.5 Reservations.

AUTHORITY: 80 Stat. 379; sec. 8, 50 Stat. 481, as amended; secs. 1, 18, 5, 40 Stat. 288, as amended, 1309, as amended, 290, as amended; sec. 32, 30 Stat. 466, as amended; 5 U.S.C. 301; 31 U.S.C. 738a, 752, 753, 754, 756.

SOURCE: Department Circular 368, Revised, 6 FR 5289, Oct. 17, 1941, unless otherwise noted.

§ 308.1 Issue.

Federal Reserve Banks, as Fiscal Agents of the United States, and the Treasury Department may issue full-paid interim certificates in lieu of definitive securities, against full-paid allotments of subscriptions, when specifically authorized by the Secretary of the Treasury in connection with the issue, hereafter, to the public, of United States securities. Interim certificates shall be in such form, and in such denominations, as the Secretary of the Treasury may determine when an issue is authorized.

§ 308.2 Exchange for definitive securities.

Upon surrender of a full-paid interim certificate to a Federal Reserve Bank, or to the Treasury Department, Washington, DC 20226, the definitive securities described therein, when prepared, will be delivered. Exchanges shall be made on like par amount basis.

§ 308.3 Exchanges of denominations.

Pending availability of definitive securities, exchanges of authorized denominations of interim certificates, from higher to lower will be permitted.

§ 308.4 Applicable regulations.

Except as may otherwise be provided, and in so far as applicable, the general regulations of the Treasury Department, as contained in Part 306 of this subchapter as amended or revised, shall apply to full-paid interim certificates.

§ 308.5 Reservations.

The Secretary of the Treasury reserves the right to withdraw or amend at any time or from time to time any or all of the provisions of this part.

PART 309—ISSUE AND SALE OF TREASURY BILLS

Sec.
309.1 Authority for issue and sale.
309.2 Description of Treasury bills (General).
309.3 Denominations and exchange.
309.4 Taxation.
309.5 Acceptance of Treasury bills for various purposes.
309.6 Public notice of offering.
309.7 Tenders; submission through Federal Reserve Banks and branches and to the Bureau of the Public Debt.
309.8 Tenders; when cash deposit is required.
309.9 Tenders; acceptance by the Secretary of the Treasury.
309.10 Tenders; reservation of right to reject.
309.11 Tenders; payment of accepted tenders.
309.12 Relief on account of loss, theft or destruction, etc.
309.13 Functions of Federal Reserve Banks.
309.14 Reservation as to terms of circular.

AUTHORITY: 80 Stat. 379; sec. 8, 50 Stat. 481, as amended; sec. 5, 40 Stat. 290, as amended; 5 U.S.C. 301; 31 U.S.C. 738a, 754.

SOURCE: 41 FR 44006, Oct. 5, 1976, unless otherwise noted.

§ 309.1 Authority for issue and sale.

The Secretary of the Treasury is authorized by the Second Liberty Bond Act, as amended, to issue Treasury bills of the United States on an interest-bearing basis, on a discount basis, or on a combination interest-bearing and discount basis, at such price or prices and with interest computed in such manner and payable at such time or times as he may prescribe; and to fix the form, terms, and conditions thereof, and to offer them for sale on a competitive or other basis, under such regulations and upon such terms and conditions as he may prescribe. Pursuant to said authorization, the Secretary of the Treasury may, from time to time, by public notice, offer Treasury bills for sale, and invite tenders therefor, through the Federal Reserve Banks and branches and through the Department of the Treasury, Bureau of the Public Debt. The Treasury bills so offered, and the tenders made, will be subject to the terms and conditions and to the general rules and regulations herein set forth, except as they may be modified in the public notices issued by the Secretary of the Treasury in connection with particular offerings.[1]

§ 309.2 Description of Treasury bills (General).

Treasury bills are bearer obligations of the United States promising to pay a specified amount on a specified date. They will be payable at maturity upon presentation to the Bureau of the Public Debt, Washington, DC 20226, or to any Federal Reserve Bank or branch. Treasury bills are issued only by Federal Reserve Banks and branches and the Bureau of the Public Debt pursuant to tenders accepted by the Secretary of the Treasury, and shall not be valid unless the issue date and the maturity date are entered thereon. Treasury bills bearing the same issue date and the same maturity date shall constitute a series.

§ 309.3 Denominations and exchange.

Treasury bills will be issued in denominations (maturity value) of $10,000, $15,000, $50,000, $100,000, $500,000, and $1,000,000. Exchanges from higher to lower and lower to higher denominations of the same series (bearing the same issue and maturity dates) will be permitted at Federal Reserve Banks and branches and at the Bureau of the Public Debt, Washington, DC 20226. Insofar as applicable, the general regulations of the Treasury Department governing transactions in bonds and notes will govern transactions in Treasury bills.

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[1] Accordingly, these regulations do not constitute a specific offering of Treasury bills.

§ 309.4 Taxation.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under the Internal Revenue Code, or laws amendatory or supplementary thereto. The bills shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest.

§ 309.5 Acceptance of Treasury bills for various purposes.

(a) *Acceptable as security for public deposits.* Treasury bills will be acceptable at maturity value to secure deposits of public monies.

(b) *Acceptable in payment of taxes.* The Secretary of the Treasury, in his discretion, when inviting tenders for Treasury bills, may provide that Treasury bills of any series will be acceptable at maturity value, whether at or before maturity, under such rules and regulations as he shall prescribe or approve, in payment of income taxes payable under the provisions of the Internal Revenue Code. Treasury bills which by the terms of their issue are acceptable in payment of income taxes may be surrendered to any Federal Reserve Bank or Branch, acting as fiscal agent of the United States, or to the Bureau of the Public Debt, Washington, DC 20226, 15 days or less before the date on which the taxes become due.

(1) In the case of payments of corporation income taxes (including payments of estimates) for taxable years ending on or after December 31, 1967, the bills shall be accompanied by a preinscribed Form 503, Federal Tax Deposit, Corporation Income Taxes, on which the face amount of the bills being surrendered should be entered in the space provided for the amount of the tax deposit. The office receiving the bills and Form 503 will acknowledge receipt of the bills to the owner corporation and effect the tax deposit on the date on which the taxes become due. Accordingly, in these cases, it will no longer be necessary to submit receipts for Treasury bills to the Internal Revenue Service with the corporation's declaration or tax return.

(2) In the case of payments of all other income taxes the office receiving the bills will issue receipts (in duplicate) to the owners. The original of the receipt shall be submitted, by the owner, in lieu of the bills, together with the tax return, to the District Director, Internal Revenue Service.

(c) *Discounting by Federal Reserve Bank of notes secured by Treasury bills.* Notes securied by Treasury bills are eligible for discount or rediscount at Federal Reserve Banks as provided under the provisions of section 13 of the Federal Reserve Act, as are notes securied by bonds and notes of the United States.

(d) *Acceptable in connection with foreign obligations held by United States.* Treasury bills will be acceptable at maturity, but not before, in payment of interest or of principal on account of obligations of foreign governments held by the United States.

§ 309.6 Public notice of offering.

When Treasury bills are to be offered, tenders therefor will be invited through public notice given by the Secretary of the Treasury. Such public notices may be issued by the Secretary of the Treasury in the name of "the Treasury Department" with the same force and effect as if issued in the name of the Secretary of the Treasury. In such notice there will be set forth the amount of Treasury bills for which tenders are then invited, the date of issue, the date or dates when such bills will become due and payable, the date and closing hour for the receipt of tenders at the Federal Reserve Banks and branches and at the Bureau of the Public Debt, Washington, DC 20226, and the date on which payment for accepted tenders must be made or completed.

§ 309.7 Tenders; submission through Federal Reserve Banks and branches and to the Bureau of the Public Debt.

Tenders in response to any such public notice will be received at the Federal Reserve Banks, or Branches thereof and at the Bureau of the Public Debt, Washington, DC 20226, and unless received before the time fixed for closing will be disregarded. Each tender must be for a minimum amount of $10,000. Tenders over $10,000 must be in multiples of $5,000 (maturity value). In the case of competitive tenders the price or prices offered by the bidder for the amount or amounts (at maturity value) applied for must be stated, and must be expressed on the basis of 100, with not more than three decimals, e.g., 99.925. Fractions may not be used.

§ 309.8 Tenders; when cash deposit is required.

Tenders should be submitted on the printed forms and forwarded in the special envelopes which will be supplied on application to any Federal Reserve Bank, or Branch or to the Bureau of the Public Debt, Washington, DC 20226. If a special envelope is not available, the inscription "Tender for Treasury Bills" should be placed on the envelope used. The instructions set forth in the public notice announcing the offering should be observed with respect to the submission of tenders. Banking institutions generally may submit tenders for account of customers provided the names of the customers are set forth in such tenders. Others than banking institutions, will not be permitted to submit tenders except for their own account. Tenders from incorporated banks and trust companies, and from responsible and recognized dealers in investment securities will be received without deposit. Tenders from all others must be accompanied by a payment of such percent of the face amount of the Treasury bills applied for as the Secretary of the Treasury may from time to time prescribe: *Provided, however,* That such deposit will not be required if the tender is accompanied by an express guaranty of payment in full by an incorporated bank or trust company. Forfeiture of the prescribed payment may be declared by the Secretary of the Treasury, if payment is not completed, in the case of accepted tenders, on the prescribed date.

§ 309.9 Tenders; acceptance by the Secretary of the Treasury.

At the time fixed for closing, as specified in the public notice, all tenders received by the Federal Reserve Banks and Branches and by the Bureau of the Public Debt will be opened. The Secretary of the Treasury will determine the acceptable prices offered and will make public announcement thereof those submitting tenders will be advised of the acceptance or rejection thereof, and payment on accepted tenders must be made or completed on the date specified in the public notice.

§ 309.10 Tenders; reservation of right to reject.

In considering the acceptance of tenders, the highest prices offered will be accepted in full down to the amount required, and if the same price appears in two or more tenders and it is necessary to accept only a part of the amount offered at such price, the amount accepted at such price will be prorated in accordance with the respective amounts applied for. However, the Secretary of the Treasury expressly reserves the right on any occasion to accept non-competitive tenders entered in accordance with specific offerings, to reject any or all tenders or parts of tenders, and to award less than the amount applied for; and any action he may take in any such respect or respects shall be final.

§ 309.11 Tenders; payment of accepted tenders.

Settlement for accepted tenders in accordance with the bids must be made or completed at the appropriate Federal Reserve Bank or branch or at the Bureau of the Public Debt in cash or other immediately available funds on or before the date specified, except that the Secretary of the Treasury, in his discretion, when inviting tenders for Treasury bills, may provide:

(a) That any qualified depositary may make such settlement by credit, on behalf of itself and its customers, up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its District or (b) that such settlement may be made in maturing Treasury bills accepted in exchange. Whenever the Secretary provides for settlement in maturing Treasury bills, cash adjustments will be made for differences between the par value of the maturing bills and the issue price of the new bills.

§ 309.12 Relief on account of loss, theft or destruction, etc.

(a) Relief on account of the loss, theft, destruction, mutilation or defacement of Treasury bills may be given only under the authority of, and subject to the conditions set forth in section 8 of the act of July 8, 1937 (50 Stat. 481), as amended (31 U.S.C. 738a) and the regulations pursuant thereto in (Treasury Department Circular No. 300 insofar as applicable.

(b) In case of the loss, theft, destruction, mutilation or defacement of Treasury bills, immediate advice, with a full description of the bill or bills involved, should be sent to the Bureau of the Public Debt, Division of Securities Operations, Department of the Treasury, Washington, DC 20226, either direct or though any Federal Reserve Bank or Branch, and, if relief under the statutes may be given, instructions and necessary blank forms will be furnished.

§ 309.13 Functions of Federal Reserve Banks.

Federal Reserve Banks and Branches, as fiscal agents of the United States, are authorized to perform all such acts as may be necessary to carry out the provisions of this circular and of any public notice or notices issued in connection with any offering of Treasury bills.

§ 309.14 Reservation as to terms of circular.

The Secretary of the Treasury reserves the right further to amend, supplement, revise or withdraw all or any of the provisions of this circular at any time, or from time to time.

PART 312—FEDERAL SAVINGS AND LOAN ASSOCIATIONS AND FEDERAL CREDIT UNIONS AS FISCAL AGENTS OF THE UNITED STATES

NOTE: Pursuant to the regulations in this part, the Acting Secretary of the Treasury on September 15, 1936, designated for employment as fiscal agents of the United States for the purpose of taking applications solely from their own members and forwarding remittances for, and making delivery of, United States Savings Bonds, all Federal savings and loan associations and Federal credit unions in good standing having five hundred or more members, and further designated all Federal savings and loan associations in good standing for employment as fiscal agents of the United States, for the purpose of collecting delinquent accounts arising out of insurance and loan transactions of the Administrator under Title I of the National Housing Act, and making investigations and rendering reports respecting the said delinquencies as may be directed from time to time by the Administrator.

Sec.
312.1 Authority.
312.2 [Reserved]
312.3 Collections, investigations, and reports for the Federal Housing Administration.
312.4 Bond of indemnity.
312.5 Fiscal agents to serve without compensation.
312.6 Applications other than to Federal Reserve Banks.

AUTHORITY: Secs. 5(k), 17, 48 Stat. 646, 1222; 12 U.S.C. 1464(k), 1767.

SOURCE: Department Circular 568, 1 FR 1587, Sept. 17, 1936, unless otherwise noted.

CROSS REFERENCES: For National Credit Union Administration, see 12 CFR Chapter VII. For Farm Credit Administration, see 12 CFR Chapter VI. For Federal Home Loan Bank Board, see 12 CFR Chapter V. For Federal Housing Commissioner, Office of Assistant Secretary for Housing, Department of Housing and Urban Development, see 24 CFR Chapter II.

§ 312.1 Authority.

(a) *Home Owners' Loan Act.* Section 5(k) of the Home Owners' Loan Act of 1933, as amended (48 Stat. 645; 12 U.S.C. 1464(k), is as follows:

> (k) When designated for that purpose by the Secretary of the Treasury, any Federal savings and loan association * * * may be employed as fiscal agent of the Government under such regulations as may be prescribed by said Secretary and shall perform all such reasonable duties as fiscal agent of the Government as may be required of it * * *.

(b) *Federal Credit Union Act.* Section 17 of the Federal Credit Union Act (48 Stat. 1222; 12 U.S.C. 1767) is as follows:

> Each Federal credit union organized under this Act, when requested by the Secretary of the Treasury, shall act as fiscal agent of the United States and shall perform such services as the Secretary of the Treasury may require in connection with * * * the lending, borrowing, and repayment of money by the United States, including the issue, sale, redemption or repurchase of bonds, notes, Treasury certificates of indebtedness, or other obligations of the United States * * *.

§ 312.2 [Reserved]

§ 312.3 Collections, investigations, and reports for the Federal Housing Administration.

Federal savings and loan associations, when designated for employment as fiscal agents of the United States for the purpose of collecting delinquent accounts arising out of insurance and loan transactions of the Administrator under Title I of the National Housing Act (48 Stat. 1246, 1247; 12 U.S.C. 1702-1706), and making investigations and rendering reports respecting the said delinquencies as may be directed from time to time by the Administrator, shall promptly forward remittances in the form collected to the Commissioner of the Federal Housing Administration, except, that remittances received in cash should be forwarded in the form of money order or check.

§ 312.4 Bond of indemnity.

No Federal savings and loan association or Federal credit union which may have been designated for employment mentioned in this part shall perform, or make any effort to perform any of the acts included in such employment, or advertise in any manner that it is authorized to perform such acts until it has qualified by the execution of, delivery to, and approval of a bond of indemnity in favor of the United States with satisfactory surety, or with the pledge of collateral security as provided in Part 225 of this chapter, conditioned upon the faithful performance of the obligor's duties as fiscal agent of the United States in the principal amount of $1,000 and until the Federal Home Loan Bank Board or the Bureau of Federal Credit Unions, Department of Health, Education, and Welfare, respectively, shall have certified to the Secretary of the Treasury that such association or credit union is in good standing and is eligible, under the terms and conditions prescribed by the Secretary, to qualify for the performance of the designated acts. The Federal Home Loan Bank Board and the Bureau of Credit Unions, respectively, shall keep the Secretary of the Treasury currently advised of the changes in the lists of associations and credit unions which are eligible, under the aforesaid terms and conditions, to qualify for the performance of the designated acts.

[32 FR 3447, Mar. 2, 1967]

§ 312.5 Fiscal agents to serve without compensation.

All of the fiscal agency employment mentioned in this part shall be performed without compensation, reimbursement for expenses, or allowance of service charges.

§ 312.6 Applications other than to Federal Reserve Banks.

Nothing contained in this part shall be construed as preventing such associations and credit unions, if they desire to assume such responsibility, from acting as agents of prospective purchasers in making applications to, and obtaining United States Savings Bonds from post offices or other designated places of issuance.

PART 315—REGULATIONS GOVERNING U.S. SAVINGS BONDS, SERIES A, B, C, D, E, F, G, H, J, AND K, AND U.S. SAVINGS NOTES

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AUTHORITY: Sec. 22 of the Second Liberty Bond Act, as amended, 49 Stat. 21, as amended (31 U.S.C. 757c); sec. 8 of the Act of July 8, 1937, as amended, 50 Stat. 481, as amended (31 U.S.C. 738a); and (5 U.S.C. 301).

SOURCE: 45 FR 64091, Sept. 26, 1980, unless otherwise noted.

Subpart A—General Information

§ 315.0 Applicability.

The regulations in this circular, Department of the Treasury Circular No. 530, and the provisions of the respective offering circulars, govern—

(a) United States Savings Bonds of Series E and Series H and United States Savings Notes, and

(b) United States Savings Bonds of Series A, B, C, D, F, G, J, and K, all of which have matured and are no longer earning interest.

The regulations in Department of the Treasury Circular, Public Debt Series No. 3-80 (31 CFR, Part 353), govern United States Savings Bonds of Series EE and Series HH.

§ 315.1 Official agencies.

(a) The Bureau of the Public Debt of the Department of the Treasury is responsible for administering the Savings Bonds Program. Authority to process most transactions has been delegated to Federal Reserve Banks and Branches, as fiscal agents of the United States.

(b) Communications concerning transactions and requests for forms should be addressed to:

(1) A Federal Reserve Bank or Branch; (2) the Bureau of the Public Debt, 200 Third Street, Parkersburg, West Virginia 26101; or (3) the Bureau of the Public Debt, Washington, DC 20226. Notices and documents must be filed with these agencies, as provided in these regulations. The names and addresses of the Federal Reserve Banks and Branches are:

Federal Reserve Bank of Boston, Boston, Massachusetts 02106.
Federal Reserve Bank of New York, Federal Reserve Post Office Station, New York, New York 10045.
Buffalo Branch, Federal Reserve Bank, Box 961, Buffalo, New York 14240.
Federal Reserve Bank of Philadelphia, Box 77, Philadelphia, Pennsylvania 19105.
Federal Reserve Bank of Cleveland, Box 6387, Cleveland, Ohio 44101.
Cincinnati Branch, Federal Reserve Bank, Box 999, Cincinnati, Ohio 45201.
Pittsburgh Branch, Federal Reserve Bank, Box 867, Pittsburgh, Pennsylvania 15230
Federal Reserve Bank of Richmond, Box 27622, Richmond, Virginia 23261.
Baltimore Branch, Federal Reserve Bank, Box 1378, Baltimore, Maryland 21203.
Charlotte Branch, Federal Reserve Bank, Box 300, Charlotte, North Carolina 28230.
Federal Reserve Bank of Atlanta, Atlanta, Georgia 30303.
Birmingham Branch, Federal Reserve Bank, Box 10447, Birmingham, Alabama 35202.
Jacksonville Branch, Federal Reserve Bank, Jacksonville, Florida 32203.
Miami Branch, Federal Reserve Bank, Box 520847, Miami, Florida 33152.
Nashville Branch, Federal Reserve Bank, Nashville, Tennessee 37203.
New Orleans Branch, Federal Reserve Bank, Box 61630, New Orleans, Louisiana 70161.
Federal Reserve Bank of Chicago, Box 834, Chicago, Illinois 60690.
Detroit Branch, Federal Reserve Bank, Box 1059, Detroit, Michigan 48231
Federal Reserve Bank of St. Louis, Box 442, St. Louis, Missouri 63166.
Little Rock Branch, Federal Reserve Bank, Box 1261, Little Rock, Arkansas 72203.

Louisville Branch, Federal Reserve Bank, Box 32710, Louisville, Kentucky 40232.
Memphis Branch, Federal Reserve Bank, Box 407, Memphis, Tennessee 38101.
Federal Reserve Bank of Minneapolis, Minneapolis, Minnesota 55480.
Helena Branch, Federal Reserve Bank, Helena, Montana 59601.
Federal Reserve Bank of Kansas City, Federal Reserve Station, Kansas City, Missouri 64198.
Denver Branch, Federal Reserve Bank, Box 5228, Terminal Annex, Denver, Colorado 80217.
Oklahoma City Branch, Federal Reserve Bank, Box 25129, Oklahoma City, Oklahoma 73125.
Omaha Branch, Federal Reserve Bank, Omaha, Nebraska 68102.
Federal Reserve Bank of Dallas, Station K, Dallas, Texas 75222.
El Paso Branch, Federal Reserve Bank, Box 100, El Paso, Texas 79999.
Houston Branch, Federal Reserve Bank, Box [illegible]78, Houston, Texas 77001.
San Antonio Branch, Federal Reserve Bank, Box 1471, San Antonio, Texas 78295.
Federal Reserve Bank of San Francisco, Box 7702, San Francisco, California 94120.
Los Angeles Branch, Federal Reserve Bank, Box 2077, Terminal Annex, Los Angeles, California 90051.
Portland Branch, Federal Reserve Bank, Box 3436, Portland, Oregon 97208.
Salt Lake City Branch, Federal Reserve Bank, Box 30780, Salt Lake City, Utah 84125.
Seattle Branch, Federal Reserve Bank, Box 3567, Seattle, Washington 98124.

§ 315.2 Definitions.

As used in these regulations—

(a) "Bond" means a United States Savings Bond of any series except EE and HH, unless the context indicates otherwise. General references to bonds and direct references to Series E bonds also include United States Savings Notes, unless specifically excluded.

(b) "Extended maturity period" means any period after the original maturity date during which the owner may retain a bond and continue to earn interest on the maturity value or extended maturity value under applicable provisions of the circular offering the bond for sale.

(c) "Extended maturity value" is the value of a bond at the end of the applicable extended maturity period.

(d) "Final extended maturity date" is the date on which a bond will mature and cease to bear interest at the end of the final extended maturity period.

(e) "Incompetent" means an individual who is incapable of handling his or her business affairs because of a legal, mental or medically-established physical disability, except that a minor is not an incompetent solely because of age.

(f) "Issuing agent" means an organization that has been qualified under the provisions of Department of the Treasury Circular, Public Debt Series No. 4-67, current revision (31 CFR Part 317), to issue savings bonds.

(g) "Original maturity date" means the date on which the bond reaches the end of the term for which it was initially offered and, unless further extended, ceases to earn interest.

(h) "Paying agent" means a financial institution that has been qualified under the provisions of Department of the Treasury Circular No. 750, current revision (31 CFR Part 321), to make payment of savings bonds.

(i) "Payment" means redemption, unless otherwise indicated by context.

(j) "Person" means any legal entity including, but without limitation, and individual, corporation (public or private), partnership, unincorporated association, or fiduciary estate.

(k) "Personal trust estates" means trust estates established by natural persons in their own right for the benefit of themselves or other natural persons in whole or in part, and common trust funds comprised in whole or in part of such trust estates.

(l) "Reissue" means the cancellation and retirement of a bond and the issuance of a new bond or bonds of the same series, same issue date, and same total face amount.

(m) "Representative of the estate of a minor, incompetent, aged person, absentee, et al." means the court-appointed or otherwise qualified person, regardless of title, who is legally authorized to act for the individual. The term does not include parents in their own right, voluntary or natural guardians, or the executors or administrators of decedents' estates.

(n) "Surrender" means the actual receipt of a bond with an appropriate request for payment or reissue by either a Federal Reserve Bank or Branch, the Bureau of the Public Debt, or, if a paying agent is authorized to handle the transaction, the actual receipt of the bond and the request for payment by the paying agent.

(o) "Taxpayer identifying number" means a social security account number or an employer identification number.

(p) "Voluntary guardian" means an individual who is recognized as authorized to act for an incompetent, as provided by § 315.64.

Subpart B—Registration

§ 315.5 General rules.

(a) *Registration is conclusive of ownership.* Savings bonds are issued only in registered form. The registration must express the actual ownership of, and interest in, the bond. The registration is conclusive of ownership, except as provided in § 315.49.

(b) *Requests for registration.* Registrations requested must be clear, accurate and complete, conform substantially with one of the forms set forth in this subpart, and include the taxpayer identifying number of the owner or first-named coowner. The taxpayer identifying number of the second-named coowner or beneficiary is not required but its inclusion is desirable. The registration of all bonds owned by the same person, organization, or fiduciary should be uniform with respect to the name of the owner and any description of the fiduciary capacity. An individual should be designated by the name he or she is ordinarily known by or uses in business, including at least one full given name. The name may be preceded or followed by any applicable title, such as "Miss", "Mr.", "Mrs.", "Ms.", "Dr.", "Rev.", "M.D.", or "D.D.". A suffix, such as "Sr." or "Jr.", must be included when ordinarily used or when necessary to distinguish the owner from another member of his family. A married woman's own given name, not that of her husband, must be used; for example, "Mary A. Jones" or "Mrs. Mary A. Jones," NOT "Mrs. Frank B. Jones." The address must include, where appropriate, the number and street, route, or any other local feature, city, State, and ZIP Code.

§ 315.6 Restrictions on registration.

(a) *Natural persons.* Only an individual in his or her own right may be designated as coowner or beneficiary along with any other individual, whether on original issue or reissue, except as provided in § 315.7(g).

(b) *Residence.* The designation of an owner or first-named coowner is restricted, on original issue only, to persons (whether individuals or others) who are—

(1) Residents of the United States, its territories and possessions, the Commonwealth of Puerto Rico, and the former Canal Zone;

(2) Citizens of the United States residing abroad;

(3) Civilian employees of the United States or members of its armed forces, regardless of their residence or citizenship; and

(4) Residents of Canada or Mexico who work in the United States but only if the bonds are purchased on a payroll deduction plan and the owner provides a taxpayer identifying number.

A nonresident alien may be designated coowner or beneficiary or, on authorized reissue, owner, unless the nonresident alien is a resident of an area with respect to which the Department of the Treasury restricts or regulates the delivery of checks drawn against funds of the United States or its agencies or instrumentalities. See Department of the Treasury Circular No. 655, current revision (31 CFR Part 211). Registration is not permitted in any form which includes the name of any alien who is a resident of any restricted area.

(c) *Minors.* (1) Minors may purchase with their wages, earnings, or other funds belonging to them and under their control bonds registered in their names alone or with a coowner or beneficiary.

(2) Bonds purchased by another person with funds belonging to a minor not under legal guardianship or similar fiduciary estate must be registered, without a coowner or benefici-

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ary, in the name of the minor or a natural guardian on behalf of a minor.

(3) Bonds purchased with funds of another may be registered to name the minor as owner, coowner, or beneficiary. If the minor is under legal guardianship or similar fiduciary estate, the registration must include an appropriate reference to it.

(4) Bonds purchased as a gift to a minor under a gifts-to-minors statute must be registered as prescribed by the statute and no coowner or beneficiary may be named.

(5) Bonds purchased by a representative of a minor's estate must be registered in the name of the minor and must include in the registration an appropriate reference to the guardianship or similar fiduciary estate. Bonds purchased by a representative of the estates of two or more minors, even though appointed in a single proceeding, must be registered in the name of each minor separately with appropriate reference to the guardianship or similar fiduciary estate.

(d) *Incompetents.* Bonds may be registered to a name as owner, coowner, or beneficiary an incompetent for whose estate a guardian or similar representative has been appointed, except that a coowner or beneficiary may not be named on bonds purchased with funds belonging to the incompetent. The registration must include appropriate reference to the guardianship or similar fiduciary estate. Bonds should not be registered in the name of an incompetent unless there is a representative for his or her estate, except as provided in § 315.64.

§ 315.7 Authorized forms of registration.

(a) *General.* Subject to any limitations or restrictions contained in these regulations on the right of any person to be named as owner, coowner, or beneficiary, bonds should be registered as indicated below. A savings bond inscribed in a form not substantially in agreement with one of the forms authorized by this subpart is not considered validly issued.

(b) *Natural persons.* A bond may be registered in the names of individuals in their own right, but only in one of the forms authorized by this paragraph.

(1) *Single ownership form.* A bond may be registered in the name of one individual. Example:

John A. Jones 123-45-6789.

(2) *Coownership form.* A bond may be registered in the names of two individuals in the alternative as coowners. The form of registration "A and B" is not authorized. Examples:

John A. Jones 123-45-6789 or Ella S. Jones 987-65-4321.

John A. Jones 123-45-6789 or (Miss, Ms. or Mrs.) Ella S. Jones.

Ella S. Jones 987-65-4321 or John A. Jones.

(3) *Beneficiary form.* A bond may be registered in the name of one individual payable on death to another. "Payable on death to" may be abbreviated to "P.O.D." Examples:

John A. Jones 123-45-6789 payable on death to Mrs. Ella S. Jones.

John A. Jones 123-45-6789 P.O.D. Ella S. Jones 987-65-4321.

(c) *Fiduciaries (including legal guardians and similar representatives, certain custodians, natural guardians, executors, administrators, and trustees)*—(1) *General.* A bond may be registered in the name of any person or persons or any organization acting as fiduciary of a single fiduciary estate, but not where the fiduciary will hold the bond merely or principally as security for the performance of a duty, obligation, or service. Registration should conform to a form authorized by this paragraph. A coowner or beneficiary may be named only in accordance with the applicable provisions of § 315.6(c) and (d). A common trust fund established and maintained by a financial institution authorized to act as a fiduciary will be considered a single fiduciary estate within the meaning of these regulations.

(2) *Legal guardians, conservators, similar representives, certain custodians.* A bond may be registered in the name and title or capacity of the legally appointed or authorized representative of the estate of a minor, incompetent, aged or infirm person, absentee, et al., or in the name of that individual followed by an appropriate reference to the estate. Examples:

Tenth National Bank, guardian (or conservator, trustee, etc.) of the estate of George N. Brown 123-45-6789, a minor (or an incompetent, aged person, infirm person, or absentee).

Henry C. Smith, conservator of the estate of John R. White 123-45-6789, an adult, pursuant to Sec. 633.572 of the Iowa Code.

John F. Green 123-45-6789, a minor (or an incompetent) under custodianship by designation of the Veterans Administration.

Frank M. Redd 123-45-6789, an incompetent for whom Eric A. Redd has been designated trustee by the Department of the Army pursuant to 37 U.S.C. 602.

Arnold A. Ames, as custodian for Barry B. Bryan 123-45-6789, under the California Uniform Gifts to Minors Act.

Thomas J. Reed, as custodian for Lawrence W. Reed 123-45-6789, a minor, under the laws of Georgia.

Richard A. Rowe 123-45-6789, for whom Reba L. Rowe is representative payee for social security benefits (or black lung benefits, as the case may be). (If the beneficiary is a minor, the words "a minor" should appear immediately after the social security number.)

Henry L. Green 123-45-6789 or George M. Brown, a minor under legal guardianship of the Tenth National Bank.

Henry L. Green 123-45-6789 P.O.D. George M. Brown, a minor under legal guardianship of the Tenth National Bank.

Redd State Hospital and School, selected payee for John A. Jones 123-45-6789, a Civil Service annuitant, pursuant to 5 U.S.C. 8345(e).

(3) *Natural guardians.* A bond may be registered in the name of either parent of a minor, as natural guardian. The registration of a bond in this form is considered as establishing a fiduciary relationship. A coowner or beneficiary may be named but only if the funds used to purchase the bond do not belong to the minor. Examples:

John A. Jones, as natural guardian for Henry M. Jones 123-45-6789.

Melba Smith, as natural guardian for Thelma Smith 123-45-6789 P.O.D. Bartholomew Smith.

(4) *Executors and administrators.* A bond may be registered in the name of the representative appointed by a court to act for an estate of a decedent, or in the name of an executor authorized to administer a trust under the terms of a will although not named trustee. The name and capacity of all the representatives as shown in the letters of appointment must be included in the registration and be followed by an adequate identifying reference to the estate. Examples:

John H. Smith and Calvin N. Jones, executors of the will (or administrators of the estate) of Robert J. Smith, deceased 12-3456789.

John H. Smith, executor of the will of Robert J. Smith, deceased, in trust for Mrs. Jane L. Smith, with remainder over 12-3456789.

(5) *Trustee or life tenants under wills, deeds of trust, agreements, or similar instruments.* A bond may be registered in the name and title of the trustee of a trust estate, or in the name of a life tenant, followed by an adequate identifying reference to the authority governing the trust or life tenancy. Examples:

Thomas J. White and Tenth National Bank, trustees under the will of Robert J. Smith, deceased 12-3456789.

Jane N. Black 123-45-6789, life tenant under the will of Robert J. Black, deceased.

Tenth National Bank, trustee under agreement with Paul E. White, dated 2/1/76, 12-3456789.

Carl A. Black and Henry B. Green, trustees under agreement with Paul E. White, dated 2/1/76, 12-3456789.

Paul E. White, trustee under declaration of trust dated 2/1/76, 12-3456789.

(i) If the trust instrument designates by title only an officer of a board or an organization as trustee, only the title of the officer should be used. Example:

Chairman, Board of Trustees, First Church of Christ, Scientist, of Chicago, Illinois, in trust under the will of Robert J. Smith, deceased 12-3456789.

(ii) The names of all trustees, in the form used in the trust instrument, must be included in the registration, except as follows:

(A) If there are several trustees designated as a board or they are required to act as a unit, their names may be omitted and the words "Board of Trustees" substituted for the word "trustee". Example:

Board of Trustees of Immediate Relief Trust of Federal Aid Association, under trust indenture dated 2/1/76, 12-3456789.

(B) If the trustees do not constitute a board or are not required to act as a unit, and are too numerous to be designated in the registration by names and title, some or all the names may be omitted. Examples:

John A. Smith, Henry B. Jones, et al., trustees under the will of Edwin O. Mann, deceased 12-3456789.

Trustees under the will of Edwin O. Mann, deceased 12-3456789.

(6) *Employee thrift, savings, vacation and similar plans.* A bond may be registered in the name and title, or title alone, of the trustee of an eligible employee thrift, savings, vacation or similar plan, as defined in § 316.5, of Department of the Treasury Circular No. 653, current revision. If the instrument creating the trust provides that the trustees shall serve for a limited term, their names may be omitted. Examples:

Tenth National Bank, trustee of Pension Fund of Safety Manufacturing Company, U/A with the company, dated March 31, 1976, 12-3456789.

Trustees of Retirement Fund of Safety Manufacturing Company, under directors' resolution adopted March 31, 1976, 12-3456789.

County Trust Company, Trustee of the Employee Savings Plan of Jones Company, Inc., U/A dated January 17, 1976, 12-3456789.

Trustee of the Employee Savings Plan of Brown Brothers, Inc., U/A dated January 20, 1976, 12-3456789.

(7) *Funds of lodges, churches, societies, or similar organizations.* A bond may be registered in the title of the trustees, or a board of trustees, holding funds in trust for a lodge, church, or society, or similar organization, whether or not incorporated. Examples:

Trustees of the First Baptist Church, Akron, Ohio, acting as a Board under Section 15 of its bylaws 12-3456789.

Trustees of Jamestown Lodge No. 1000, Benevolent and Protective Order of Elks, under Section 10 of its bylaws 12-3456789.

Board of Trustees of Lotus Club, Washington, Indiana, under Article 10 of its constitution 12-3456789.

(8) *Investment agents for religious, educational, charitable and non-profit organizations.* A bond may be registered in the name of a bank, trust company, or other financial institution, or an individual, as agent under an agreement with a religious, educational, charitable or non-profit organization, whether or not incorporated, if the agent holds funds for the sole purpose of investing them and paying the income to the organization. The name and designation of the agent must be followed by an adequate reference to the agreement. Examples:

Tenth National Bank, fiscal agent U/A with the Evangelical Lutheran Church of the Holy Trinity, dated 12/28/76, 12-3456789.

Sixth Trust Company, Investment Agent U/A dated September 16, 1976, with Central City Post, Department of Illinois, American Legion, 12-3456789.

John Jones, Investment Agent U/A dated September 16, 1976, with Central City Post, Department of Illinois, American Legion, 12-3456789.

(9) *Funds of school groups or activities.* A bond may be registered in the title of the principal or other officer of a public, private, or parochial school holding funds in trust for a student body fund or for a class, group, or activity. If the amount purchased for any one fund does not exceed $2,500 (face amount), no reference need be made to a trust instrument. Examples:

Principal, Western High School, in trust for the Class of 1976 Library Fund, 12-3456789.

Director of Athletics, Western High School, in trust for Student Activities Association, under resolution adopted 5/12/76, 12-3456789.

(10) *Public corporations, bodies, or officers as trustees.* A bond may be registered in the name of a public corporation or a public body, or in the title of a public officer, acting as trustee under express authority of law, followed by an appropriate reference to the statute creating the trust. Examples:

Rhode Island Investment Commission, trustee of the General Sinking Fund under Title 35, Ch. 8, Gen. Laws of Rhode Island.

Superintendent of the Austin State Hospital Annex, in trust for the Benefit Fund under Article 3183C, Vernon's Civ. Stat. of Texas Ann.

(d) *Private organizations (corporations, associations, partnerships)*—

(1) *General.* A bond may be registered in the name of any private organization in its own right. The full legal name of the organization as set forth in its charter, articles of incorporation, constitution, partnership agreement, or other authority from which its powers are derived, must be included in the registration and may be followed by a parenthetical reference to a particular account other than a trust account.

(2) *Corporations.* A bond may be registered in the name of a business, fraternal, religious, non-profit, or other private corporation. The words "a corporation" must be included in the registration unless the fact of incorporation is shown in the name. Examples:

Smith Manufacturing Company, a corporation 12-3456789.

Green and Redd, Inc. 12-3456789 (Depreciation Acct.).

(3) *Unincorporated associations.* A bond may be registered in the name of a club, lodge, society, or a similar self-governing association which is unincorporated. The words "an unincorporated association" must be included in the registration. This form of registration must not be used for a trust fund, board of trustees, a partnership, or a sole proprietorship. If the association is chartered by or affiliated with a parent organization, the name or designation of the subordinate or local organization must be given first, followed by the name of the parent organization. The name of the parent organization may be placed in parentheses and, if well known, may be abbreviated. Examples:

The Lotus Club, an unincorporated association, 12-3456789.

Local 447, Brotherhood of Railroad Trainmen, an unincorporated association, 12-3456789.

Eureka Lodge 317 (A.F. and A.M.), an unincorporated association, 12-3456789.

(4) *Partnerships.* A bond may be registered in the name of a partnership. The words "a partnership" must be included in the registration. Examples:

Smith & Jones, a partnership, 12-3456789.

Acme Novelty Company, a partnership, 12-3456789.

(5) *Sole proprietorships.* A bond may be registered in the name of an individual who is doing business as a sole proprietor. A reference may be made to the trade name under which the business is conducted. Example:

John Jones d.b.a. Jones Roofing Company, 123-45-6789

(e) *Institutions (churches, hospitals, homes, schools, etc.).* A bond may be registered in the name of a church, hospital, home, school, or similar institution conducted by a private organization or by private trustees, regardless of the manner in which it is organized or governed or title to its property is held. Descriptive words, such as "a corporation" or "an unincorporated association", must not be included in the registration. Examples:

Shriners' Hospital for Crippled Children, St. Louis, Missouri, 12-3456789.

St. Mary's Roman Catholic Church, Albany, New York, 12-3456789.

Rodeph Shalom Sunday School, Philadelphia, Pennsylvania, 12-3456789.

(f) *States, public bodies and corporations, and public officers.* A bond may be registered in the name of a State, county, city, town, village, school district, or other political entity, public body, or corporation established by law (including a board, commission, administration, authority, or agency) which is the owner or official custodian of public funds, other than trust funds, or in the full legal title of the public officer having custody of the funds. Examples:

State of Maine.

Town of Rye, New York (Street Improvement Fund).

Maryland State Highway Administration.

Treasurer, City of Chicago.

(g) *The United States Treasury.* A person who desires to have a bond become the property of the United States upon his or her death may designate the United States Treasury as coowner or beneficiary. Examples:

George T. Jones 123-45-6789 or the United States Treasury.

George T. Jones 123-45-6789 P.O.D. the United States Treasury.

AVAILABLE

Subpart C—Limitations on Annual Purchases

§ 315.10 Limitations.

Specific limitations have been placed on the amounts of bonds of each series and savings notes that might be purchased in any one year in the name of any one person or organization. The amounts applicable to each series of bonds and savings notes for each specific year, which has varied from time to time, can be found in the appropriate offering circulars, as revised and amended.

§ 315.11 Excess purchases.

The Commissioner of the Public Debt may permit excess purchases to stand in any particular case or class of cases.

Subpart D—Limitations on Transfer or Pledge

§ 315.15 Transfer.

Savings bonds are not transferable and are payable only to the owners named on the bonds, except as specifically provided in these regulations and then only in the manner and to the extent so provided.

§ 315.16 Pledge.

(a) *General.* A savings bond may not be hypothecated, pledged, or used as security for the performance of an obligation, except as provided in paragraph (b) of this section.

(b) *Pledge under Treasury Circular No. 154.* A bond may be pledged by the registered owner in lieu of surety under the provisions of Department of the Treasury Circular No. 154, current revision (31 CFR Part 225), if the bond approving officer is the Secretary of the Treasury. In this case, an irrevocable power of attorney shall be executed authorizing the Secretary of the Treasury to request payment.

Subpart E—Limitations on Judicial Proceedings—No Stoppage or Caveats Permitted

§ 315.20 General.

The following general rules apply to the recognition of a judicial determination on adverse claims affecting savings bonds:

(a) The Department of the Treasury will not recognize a judicial determination that gives effect to an attempted voluntary transfer inter vivos of a bond, or a judicial determination that impairs the rights of survivorship conferred by these regulations upon a coowner or beneficiary. All provisions of this Subpart are subject to these restrictions.

(b) The Department of the Treasury will recognize a claim against an owner of a savings bond and conflicting claims of ownership of, or interest in, a bond between coowners or between the registered owner and the beneficiary, if established by valid, judicial proceedings, but only as specifically provided in this subpart. Section 315.23 specifies the evidence required to establish the validity of the judicial proceedings.

(c) The Department of the Treasury and the agencies that issue, reissue, or redeem savings bonds will not accept a notice of an adverse claim or notice of pending judicial proceedings, nor undertake to protect the interests of a litigant not in possession of a savings bond.

§ 315.21 Payment to judgment creditors.

(a) *Purchaser or officer under levy.* The Department of the Treasury will pay (but not reissue) a savings bond to the purchaser at a sale under a levy or to the officer authorized under appropriate process to levy upon property of the registered owner or coowner to satisfy a money judgment. Payment will be made only to the extent necessary to satisfy the money judgment. The amount paid is limited to the redemption value 60 days after the termination of the judicial proceedings. Payment of a bond registered in coownership form pursuant to a judgment or a levy against only one coowner is limited to the extent of that coowner's interest in the bond. That interest must be established by an agreement between the coowners or by a judgment, decree, or order of a court in a proceeding to which both coowners are parties.

(b) *Trustee in bankruptcy, receiver, or similar court officer.* The Department of the Treasury will pay, at current redemption value, a savings bond to a trustee in bankruptcy, a receiver of an insolvent's estate, a receiver in equity, or a similar court officer under the provisions of paragraph (a) of this section.

§ 315.22 Payment or reissue pursuant to judgment.

(a) *Divorce.* The Department of the Treasury will recognize a divorce decree that ratifies or confirms a property settlement agreement disposing of bonds or that otherwise settles the interests of the parties in a bond. Reissue of a savings bond may be made to eliminate the name of one spouse as owner, coowner, or beneficiary, or to substitute the name of one spouse for that of the other spouse as owner, coowner, or beneficiary pursuant to the decree. However, if the bond is registered in the name of one spouse with another person as coowner, there must be submitted either:

(1) A request for reissue by the other person or (2) a certified copy of a judgment, decree, or court order entered in proceedings to which the other person and the spouse named on the bond are parties, determining the extent of the interest of that spouse in the bond. Reissue will be permitted only to the extent of that spouse's interest. The evidence required under § 315.23 must be submitted in every case. When the divorce decree does not set out the terms of the property settlement agreement, a certified copy of the agreement must be submitted. Payment, rather than reissue, will be made if requested.

(b) *Gift causa mortis.* A savings bond belonging solely to one individual will be paid or reissued at the request of the person found by a court to be entitled by reason of a gift causa mortis from the sole owner.

(c) *Date for determining rights.* When payment or reissue under this section is to be made, the rights of the parties will be those existing under the regulations current at the time of the entry of the final judgment, decree, or court order.

§ 315.23 Evidence.

(a) *General.* To establish the validity of judicial proceedings, certified copies of the final judgment, decree, or court order, and of any necessary supplementary proceedings, must be submitted. If the judgment, decree, or court order was rendered more than six months prior to the presentation of the bond, there must also be submitted a certificate from the clerk of the court, under court seal, dated within six months of the presentation of the bond, showing that the judgment, decree, or court order is in full force.

(b) *Trustee in bankruptcy or receiver of an insolvent's estate.* A request for payment by a trustee in bankruptcy or a receiver of an insolvent's estate must be supported by appropriate evidence of appointment and qualification. The evidence must be certified by the clerk of the court, under court seal, as being in full force on a date that is not more than six months prior to the presentation of the bond.

(c) *Receiver in equity or similar court officer.* A request for payment by the receiver in equity or a similar court officer, other than a receiver of an insolvent's estate, must be supported by a copy of an order that authorizes the presentation of the bond for redemption, certified by the clerk of the court, under court seal, as being in full force on a date that is not more than six months prior to the presentation of the bond.

Subpart F—Relief for Loss, Theft, Destruction, Mutilation, Defacement, or Nonreceipt of Bonds

§ 315.25 General.

Relief, by the issue of a substitute bond or by payment, is authorized for the loss, theft, destruction, mutilation, or defacement of a bond after receipt by the owner or his or her representative. As a condition for granting relief, the Commissioner of the Public Debt, as designee of the Secretary of the

Treasury, may require a bond of indemnity, in the form, and with the surety, or security, he considers necessary to protect the interests of the United States. In all cases the savings bond must be identified by serial number and the applicant must submit satisfactory evidence of the loss, theft, or destruction, or a satisfactory explanation of the mutilation or defacement.

§ 315.26 Application for relief—after receipt of bond.

(a) *Serial number known.* If the serial number of the lost, stolen, or destroyed bond is known, the claimant should execute an application for relief on the appropriate form and submit it to the Bureau of the Public Debt, Parkersburg, West Virginia 26101.

(b) *Serial number not known.* If the bond serial number is not known, the claimant must provide sufficient information to enable the Bureau of the Public Debt to identify the bond by serial number. See § 315.29(c). The Bureau will furnish the proper application form and instructions.

(c) *Defaced or mutilated bond.* A defaced bond and all available fragments of a mutilated bond should be submitted to the Bureau.

(d) *Execution of claims application.* The application must be made by the person or persons (including both coowners, if living) authorized under these regulations to request payment of the bonds. In addition—

(1) If the bond is in beneficiary form and the owner and beneficiary are both living, both will ordinarily be required to join in the application.

(2) If a minor named on a bond as owner, coowner, or beneficiary is not of sufficient competency and understanding to request payment, both parents will ordinarily be required to join in the application.

(e) If the application is approved, relief will be granted by the issuance of a bond bearing the same issue date as the bond for which the claim was filed or by the issuance of a check in payment.

§ 315.27 Application for relief—nonreceipt of bond.

If a bond issued on any transaction is not received, the issuing agent must be notified as promptly as possible and given all information available about the nonreceipt. An appropriate form and instructions will be provided. If the application is approved, relief will be granted by the issuance of a bond bearing the same issue date as the bond that was not received.

§ 315.28 Recovery or receipt of bond before or after relief is granted.

(a) *Recovery prior to granting relief.* If a bond reported lost, stolen, destroyed, or not received, is recovered or received before relief is granted, the Bureau of the Public Debt, Parkersburg, West Virginia 26101, must be notified promptly.

(b) *Recovery subsequent to granting of relief.* A bond for which relief has been granted is the property of the United States and, if recovered, must be promptly submitted to the Bureau of the Public Debt, Parkersburg, West Virginia 26101, for cancellation.

§ 315.29 Adjudication of claims.

(a) *General.* The Bureau of the Public Debt will adjudicate claims for lost, stolen or destroyed bonds on the basis of records created and regularly maintained in the ordinary course of business.

(b) *Claims filed ten years after payment.* A bond for which no claim has been filed within ten years of the recorded date of redemption will be presumed to have been properly paid. If a claim is subsequently filed, a photographic copy of the bond will not be available to support the disallowance. This provision will be effective 60 days after the effective date of the Eleventh Revision of Department of the Treasury Circular No. 530 (31 CFR Part 315).

(c) *Claims filed six years after final maturity.* No claim filed six years or more after the final maturity of a savings bond will be entertained, unless the claimant supplies the serial number of the bond.

Subpart G—Interest

§ 315.30 Series E bonds and savings notes.

Series E bonds and savings notes are discount securities. The accrued interest is added to the issue price at stated intervals and is payable only at redemption as part of the redemption value. All Series E bonds and savings notes have been extended and continue to earn interest until their final maturity dates, unless redeemed earlier. Information regarding extended maturity periods, investment yields and redemption values is found in Department of the Treasury Circular No. 653, current revision (31 CFR Part 316) for Series E bonds, and in Department of the Treasury Circular, Public Debt Series No. 3-67, current revision (31 CFR Part 342) for savings notes.

§ 315.31 Series H bonds.

(a) *General.* Series H bonds are current income bonds issued at par (face amount). Interest on a Series H bond is paid semiannually to the registered owner or coowners by check. All Series H bonds have been extended and continue to earn interest until their final maturity dates, unless redeemed earlier. If a bond is redeemed before its final maturity date, interest ceases as of the end of the interest period preceding redemption. For example, if a bond on which interest is payable on January 1 and July 1 is redeemed in December, interest ceases as of the preceding July 1, and no interest will be paid for the period from July 1 to December 1. However, if the date of redemption falls on an interest payment date, interest ceases on that date. Information regarding authorized extended maturity periods and investment yields is found in Department of the Treasury Circular No. 905, current revision (31 CFR Part 332).

(b) *Payment of interest.* Series H bond interest accounts are maintained by the Bureau of the Public Debt, Parkersburg, West Virginia 26101. Interest will be paid on each interest payment date by check mailed to the address specified for the delivery of checks in the purchase application, exchange subscription, notification of change of address or request for reissue. If no instruction is given as to the delivery of interest checks, the address inscribed on the bond for the owner or the first-named coowner will be used.

(c) *Delivery of interest*—(1) *Notices affecting delivery of interest checks.* To insure appropriate action, notices affecting the delivery of interest checks on Series H bonds, including changes of addresses, must be received by the Bureau of the Public Debt, Parkersburg, West Virginia 26101, at least one month prior to the interest payment date. Each notice must identify the bonds by the name and taxpayer identifying number of the bondowner. The notice must be signed by the owner or coowner, or, in the case of a minor or incompetent, as provided in paragraph (d) or (e) of this section.

(2) *Owner or coowner deceased*—(i) *Sole owner.* Upon receipt of notice of the death of the owner of a bond, payment of interest on the bond will be suspended until satisfactory evidence is submitted as to who is authorized to endorse and collect interest checks on behalf of the estate of the decedent, in accordance with the provisions of Subpart L.

(ii) *Coowner.* Upon receipt of notice of the death of the coowner to whom interest is being mailed, payment of interest will be suspended until a request for change of address is received from the other coowner, if living, or, if not, until satisfactory evidence is submitted as to the individual who is authorized to endorse and collect interest checks on behalf of the estate of the last deceased coowner, in accordance with the provisions of Subpart L.

(iii) *Owner with beneficiary.* In the case of a bond registered in the form "A payable on death to B", the check will be drawn to the order of "A" along unless the Bureau of the Public Debt, Parkersburg, West Virginia 26101, receives notice of A's death. In that event, the payment of interest will be suspended until the bond is presented for payment or reissue. Interest so withheld will be paid to the person entitled to the bond.

(d) *Representative appointed for the estate of a minor, incompetent, absentee, et al.* Interest on Series H bonds is paid in accordance with the provisions of § 315.60 to the representative appointed for the estate of an owner who is a minor, incompetent, absentee, et al. If the registration of the bonds does not include a reference to the owner's status, the bonds should be submitted for reissue to a Federal Reserve Bank or Branch or to the Bureau of the Public Debt, Parkersburg, West Virginia 26101, so that interest checks may be properly drawn and delivered. They must be accompanied by the proof of appointment required by § 315.60.

(e) *Adult incompetent's estate having no representative.* If an adult owner of a Series H bond is incompetent to endorse and collect the interest checks and no legal guardian or similar representative has been appointed to act for him or her, the relative, or other person, responsible for his or her care and support, may apply to the Bureau of the Public Debt for recognition as voluntary guardian for the purpose of receiving, endorsing, and collecting the checks.

(f) *Reissue during interest period.* Physical reissue of a Series H bond will be made without regard to interest payment dates. The Series H interest accounts maintained by the Bureau of the Public Debt will be closed in the first week of the month preceding each interest payment date. Interest checks will be drawn to the order of the persons shown to be entitled on these accounts as of the date the accounts are closed.

(g) *Endorsement of checks.* Interest checks must be endorsed in accordance with the regulations governing the endorsement and payment of Government warrants and checks, which are contained in Department of the Treasury Circular No. 21, current revision (31 CFR Part 240).

(h) *Nonreceipt or loss of check.* If an interest check is not received or is lost after receipt, the Bureau of the Public Debt, Parkersburg, West Virginia 26101, should be notified and advised of the bond serial number, the inscription on the bond, including the taxpayer identifying number of the bondowner, and the interest payment date.

[45 FR 64091, Sept. 26, 1980, as amended at 51 FR 23753, July 1, 1986]

EFFECTIVE DATE NOTE: At 51 FR 23753, July 1, 1986, in § 315.31, paragraph (a) was revised, effective September 19, 1986. For the convenience of the user, the superseded text is set forth as follows.

§ 315.31 Series H bonds.

(a) *General.* Series H bonds are current-income bonds issued at par (face amount). Interest on a Series H bond is paid semiannually by check, beginning six months from the issue date. All Series H bonds have been extended and continue to earn interest until their final maturity dates, unless redeemed earlier. If a bond is redeemed before its final maturity date, interest ceases as of the end of the interest payment period preceding redemption. For example, if a bond on which interest is payable on January 1 and July 1 is redeemed on September 1, interest ceases as of the preceding July 1, and no adjustment of interest will be made for the period from July 1 to September 1. However, if the date of redemption falls on an interest payment date, interest ceases on that date. Information regarding authorized extended maturity periods and investment yields is found in Department of the Treasury Circular No. 905, current revision (31 CFR Part 332).

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§ 315.32 Series A, B, C, D, F, G, J, and K bonds.

All bonds of these series have matured and no longer earn interest.

Subpart H—General Provisions for Payment

§ 315.35 Payment (redemption).

(a) *General.* Payment of a savings bond will be made to the person or persons entitled under the provisions of these regulations, except that checks in payment will not be delivered to addresses in areas with respect to which the Department of the Treasury restricts or regulates the delivery of checks drawn against funds of the United States. See Department of the Treasury Circular No. 655, current revision (31 CFR Part 211). Payment will be made without regard to any notice of adverse claims to a bond and no notification of stoppage or caveat against payment of a bond will be made.

(b) *Series A, B, C, D, F, and J.* A bond of Series A, B, C, D, F, or J will be paid at face value.

(c) *Series E and Savings Notes.* A Series E bond will be paid at any time after two months from issue date at the appropriate redemption value shown in Department of the Treasury Circular No. 653 (31 CFR Part 316), current revision. A savings note will be paid at anytime at the appropriate redemption value shown in Department of the Treasury Circular, Public Debt Series No. 3-67, current revision (31 CFR Part 342).

(d) *Series G and K.* A bond of Series G or K will be paid at face value plus the final semiannual interest due. For Series G bonds, the final interest paid with principal is $1.25 per $100; for Series K bonds, the final interest is $6.90 per $500.

(e) *Series H.* A Series H bond will be redeemed at face value at any time after six (6) months from issue date. In any case where Series H bonds are surrendered to a Federal Reserve Bank or Branch or the Department of the Treasury for redemption in the month prior to an interest payment date, redemption will not be deferred but will be made in regular course, unless the presenter specifically requests that the transaction be delayed until that date. A request to defer redemption made more than one month preceding the interest payment date will not be accepted.

[45 FR 64091, Sept. 26, 1980, as amended at 51 FR 23753, July 1, 1986]

EFFECTIVE DATE NOTE: At 51 FR 23753, July 1, 1986, in § 315.35, paragraph (e) was revised, effective September 19, 1986. For the convenience of the user, the superseded text is set forth as follows:

§ 315.35 Payment (redemption).

* * * * *

(e) *Series H.* A Series H bond will be paid at face value at anytime after six months from issue date. However, a bond received for redemption during the calendar month preceding an interest payment date may not be redeemed until that date.

§ 315.36 Payment during life of sole owner.

A savings bond registered in single ownership form (i.e., without a coowner or beneficiary) will be paid to the owner during his or her lifetime upon surrender with an appropriate request.

§ 315.37 Payment during lives of both coowners.

A savings bond registered in coownership form will be paid to either coowner upon surrender with an appropriate request, and, upon payment (as determined in § 315.43), the other coowner will cease to have any interest in the bond. If both coowners request payment and payment is to be made by check, the check will be drawn in the form, "John A. Jones AND Mary C. Jones".

§ 315.38 Payment during lifetime of owner of beneficiary bond.

A savings bond registered in beneficiary form will be paid to the registered owner during his or her lifetime upon surrender with an appropriate request. Upon payment (as determined in § 315.43), the beneficiary will cease to have any interest in the bond.

§ 315.39 Surrender for payment.

(a) *Procedure for bonds of Series A to E, inclusive, in the names of individual owners or coowners only.* An individual who is the owner or coowner of a bond of Series A, B, C, D, or E may present the bond to an authorized paying agent for redemption. The presenter must be prepared to establish his or her identity in accordance with Treasury instructions and identification guidelines. The owner or coowner must sign the request for payment on the bond or, if authorized, on a separate detached request, and add his or her address. In addition, in the case of a Series E bond or savings note, the presenter must record his or her social security number on the face of the security, provided it does not already appear in the inscription. Paying agents are authorized to refuse payment in any case where the presenter's number is not provided. If the request for payment has been signed, or signed and certified, before presentation of the bond, the paying agent must be satisfied that the person presenting the bond for payment is the owner or coowner and may require the person to sign the request for payment again. If the bond is in order for payment, the paying agent will make immediate payment at the current redemption value without charge to the presenter. Paying agents are not authorized to process any case involving partial redemption or any case in which supporting evidence is required.

(b) *Procedure for all other cases.* In the case of a bond to which the procedure in paragraph (a) of this section does not apply, or if otherwise preferred, the owner or coowner, or other person entitled to payment, should appear before an officer authorized to certify requests for payment, establish his or her identity, sign the request for payment, and provide information as to the addresss to which the check in payment is to be mailed. In addition, in the case of a Series E bond or savings note, the presenter must record his or her social security number on the face of the security, provided it does not already appear in the inscription. The bond must be forwarded to a Federal Reserve Bank or Branch or the Bureau of the Public Debt. Usually, payment will be expedited by submission to a Federal Reserve Bank or Branch. In all cases, the cost and risk of presentation of a bond will be borne by the owner Payment will be made by check drawn to the order of the registered owner or other person entitled and will be mailed to the address requested.

(c) *Date of request.* Requests executed more than six months before the date of receipt of a bond for payment will not be accepted. Neither will a bond be accepted if payment is requested as of a date more than three months in the future.

§ 315.40 Special provisions for payment.

(a) *Owner's signature not required.* A bond may be paid by a paying agent or Federal Reserve Bank without the owner's signature to the request for payment, if the bond bears the special endorsement of a financial institution specifically qualified to place such an endorsement on savings bonds under the provisions of Department of the Treasury Circular No. 888, current revision (31 CFR Part 330).

(b) *Signature by mark.* A signature by mark (X) must be witnessed by at least one disinterested person and a certifying officer. See Subpart J. The witness must attest to the signature by mark substantially as follows: "Witness to signature by mark," followed by his or her signature and address.

(c) *Name change.* If the name of the owner, coowner, or other person entitled to payment, as it appears in the registration or in evidence on file in the Bureau of the Public Debt, has been changed in any legal manner, the signature to the request for payment must show both names and the manner in which the change was made; for example, "Mary T. Jones Smith (Mary T. J. Smith or Mary T. Smith) changed by marriage from Mary T. Jones," or "John R. Young, changed by order of court from Hans R. Jung," See § 315.50.

(d) *Attorneys-in-fact.* A request for payment signed by an attorney-in-fact will be recognized if it is accompanied by a copy of a power of attorney, executed before a certifying officer, that authorizes the attorney-in-fact to sell or cash the grantor's Treasury securities. See § 315.65 for separate rules relating to the use of powers of attorney for incompetent or physically disabled individuals.

§ 315.41 Partial redemption.

A bond of any series may be redeemed in part at current redemption value, but only in an amount corresponding to one or more authorized denominations, upon surrender of the bond to a Federal Reserve Bank or Branch or to the Bureau of the Public Debt in accordance with § 315.39(b). In any case in which partial redemption is requested, the phrase "to the extent of $—— (face amount) and reissue of the remainder" should be added to the request. Upon partial redemption of the bond, the remainder will be reissued as of the original issue date, as provided in Subpart I.

§ 315.42 Nonreceipt or loss of check issued in payment.

If a Treasury check in payment of a bond surrendered for redemption is not received within a reasonable time or is lost after receipt, notice should be given to the same agency to which the bond was surrendered for payment. The notice should give the date the bond was surrendered for payment, and describe the bond by series, denomination, serial number, and registration, including the taxpayer identifying number of the owner.

§ 315.43 Effective date of request for payment.

The Department of the Treasury will treat the receipt of a bond with an appropiate request for payment by:

(a) A Federal Reserve Bank or Branch, (b) the Bureau of the Public Debt, or (c) a paying agent authorized to pay that bond, as the date upon which the rights of the parties are fixed for the purpose of payment.

§ 315.44 Withdrawal of request for payment.

(a) *Withdrawal by owner or coowner.* An owner or coowner, who has surrendered a bond to a Federal Reserve Bank or Branch or to the Bureau of the Public Debt or an authorized paying agent with an appropriate request for payment, may withdraw the request if notice of intent to withdraw is received by the same agency prior to payment either in cash or through the issuance of the redemption check.

(b) *Withdrawal on behalf of deceased owner or incompetent.* A request for payment may be withdrawn under the same conditions as in paragraph (a) of this section by the executor or administrator of the estate of a deceased owner or by the person or persons who would have been entitled to the bond under Subpart L, or by the legal representative of the estate of a person under legal disability, unless surrender of the bond for payment has eliminated the interest of a surviving coowner or beneficiary. See § 315.70 (b) and (c).

Subpart I—Reissue and Denominational Exchange

§ 315.45 General.

Reissue of a bond may be made only under the conditions specified in these regulations, and only at:

(a) A Federal Reserve Bank or Branch, or (b) the Bureau of the Public Debt. Reissue will not be made if the request is received less than one full calendar month before the final maturity date of a bond. The request, however, will be effective to establish ownership as though the reissue had been made.

§ 315.46 Effective date of request for reissue.

The Department of the Treasury will treat the receipt by:

(a) A Federal Reserve Bank or (b) the Bureau of the Public Debt of a bond and an acceptable request for reissue as determining the date upon which the rights of the parties are fixed for the purpose of reissue. For example, if the owner or either coowner of a bond dies after the bond has been surrendered for reissue, the bond will be regarded as having been reissued in the decedent's lifetime.

§ 315.47 Authorized reissue—during lifetime.

A bond belonging to an individual may be reissued in any authorized form of registration upon an appropriate request for the purposes outlined below:

(a) *Single ownership.* A bond registered in single ownership form may be reissued—

(1) To add a coowner or beneficiary;

(2) To name a new owner, with or without a coowner or beneficiary, but only if:

(i) The new owner is related to the previous owner by blood (including legal adoption) or marriage, (ii) the previous owner and the new owner are parties to a divorce or annulment, or (iii) the new sole owner is the trustee of a personal trust estate which was created by the previous owner or which designates as beneficiary either the previous owner or a person related to him or her by blood (including legal adoption) or marriage.

(b) *Coownership*—(1) *Reissue—to name a related individual as owner or coowner.* During the lifetime of both coowners, a coownership bond may be reissued in the name of another individual related by blood (including legal adoption) or marriage to either coowner—

(i) As single owner,

(ii) As owner with one of the original coowners as beneficiary, or

(iii) As a new coowner with one of the original coowners.

(2) *Reissue—to name either coowner alone or with another individual as coowner or beneficiary.* During the lifetime of both coowners, a coownership bond may be reissued in the name of either coowner alone or with another individual as coowner or beneficiary if—

(i) After issue of the submitted bond, either coowner named thereon marries, or the coowners are divorced or legally separated from each other, or their marriage is annulled; or

(ii) Both coowners on the submitted bond are related by blood (including legal adoption) or marriage to each other.

(3) *Reissue—to name the trustee of a personal trust estate.* A bond registered in coownership form may be reissued to name a trustee of a personal trust estate created by either coowner or by some other person if:

(i) Either coowner is a beneficiary of the trust, or (ii) a beneficiary of the trust is related by blood or marriage to either coowner.

(c) *Beneficiary.* A bond registered in beneficiary form may be reissued—

(1) To name the beneficiary as coowner;

(2) To eliminate the name of the owner and to name as owner a custodian for the beneficiary, if a minor, under a statute authorizing gifts to minors;

(3) To eliminate the beneficiary or to substitute another individual as beneficiary, but only if the request is supported by the certified consent of the beneficiary or by proof of his or her death; or

(4) To eliminate the names of the owner and the beneficiary and to name as new owner the trustee of the personal trust estate which was created by the previous owner or which designates as beneficiary either the previous owner or a person related to him or her by blood (including legal adoption) or marriage, but only if the request is supported by the certified consent of the beneficiary or by proof of his or her death.

§ 315.48 Restrictions on reissue.

(a) *Denominational exchange.* Reissue is not permitted solely to change denominations.

(b) *United States Treasury.* Reissue may not be made to eliminate the United States Treasury as coowner or beneficiary.

§ 315.49 Correction of errors.

A bond may be reissued to correct an error in registration upon appropriate request, supported by satisfactory proof of the error.

§ 315.50 Change of name.

An owner, coowner, or beneficiary whose name is changed by marriage, divorce, annulment, order of court, or in any other legal manner after the issue of bond should submit the bond with a request for reissue to substitute the new name for the name inscribed on the bond. Documentary evidence may be required in any appropriate case.

§ 315.51 Requests for reissue.

A request for reissue of bonds in coownership form during the lifetime of the coowners must be signed by both coowners, except that a request solely to eliminate the name of one coowner may be signed by that coowner only. A bond registered in beneficiary form may be reissued upon the request of the owner, supported by the certified consent of the beneficiary or by proof of his or her death. Public Debt forms are available for requesting reissue.

Subpart J—Certifying Officers

§ 315.55 Individuals authorized to certify.

The following individuals are authorized to act as certifying officers for the purpose of certifying a request for payment, reissue, or a signature to a Public Debt form.:

(a) *Officers generally authorized*—(1) *At banks, trust companies, and member organizations of the Federal Home Loan Bank System.* (i) Any officer of a bank incorporated in the United States, the territories or possessions of the United States, or the Commonwealth of Puerto Rico.

(ii) Any officer of a trust company incorporated in the United States, the territories or possessions of the United States, or the Commonwealth of Puerto Rico.

(iii) Any officer of an organization that is a member of the Federal Home Loan Bank System. This includes Federal savings and loan associations.

(iv) Any officer of a foreign branch or a domestic branch of an institution described in paragraphs (a)(1)(i) through (iii) of this section.

(v) Any officer of a Federal Reserve Bank, a Federal Land Bank, or a Federal Home Loan Bank.

(vi) Any employee of an institution described in paragraphs (a)(1)(i) through (v) of this section, who is expressly authorized to certify by the institution.

Certification by these officers or designated employees must be authenticated by a legible imprint either of a corporate stamp of the institution or of the issuing or paying agent's stamp. An employee authorized to certify requests must sign his or her name over the title "Designated Employee".

(2) *At issuing agents that are not banks or trust companies.* Any officer of an organization, not a bank or a trust company, that is qualified as an issuing agent for savings bonds. The agent's stamp must be imprinted in the certification.

(3) *By United States officials.* Any judge, clerk, or deputy clerk of a United States court, including United States courts for the territories and possessions of the United States, and the Commonwealth of Puerto Rico or any United States Commissioner or United States Attorney.

(b) *Officers with limited authority*—(1) *In the Armed Forces.* Any commissioned officer or warrant officer of the Armed Forces of the United States, but only for members of the respective services, their families, and civilian employees at posts, bases, or stations. The certifying officer must indicate his or her rank and state that the individual signing the request is one of the class whose request the certifying officer is authorized to certify.

(2) *At Veterans Administration facilities, Federal penal institutions, and United States Public Health Service hospitals.* Any officer in charge of a home, hospital, or other facility of the Veterans Administration, but only for the patients, or employees of the facility; any officer of a Federal penal institution or a United States Public Health Service hospital expressly authorized to certify by the Secretary of the Treasury or his designee, but only for the inmates, patients or employees of the institution involved. Officers of Veterans Administration facilities, Federal penal institutions, and Public Health Service hospitals must use the stamp of the particular institution or service.

(c) *Authorized officers in foreign countries.* Any United States diplomatic or consular representative, or the officer of a foreign branch of a bank or trust company incorporated in the United States whose signature is attested by an imprint of the corporate stamp or is certified to the Department of the Treasury. If none of these individuals is available, a notary public or other officer authorized to administer oaths may certify, but his or her official character and jurisdiction must be certified by a United States diplomatic or consular officer under seal of his or her office.

(d) *Authorized officers in particular localities.* The Governor and the Treasurer of Puerto Rico; the Governor and the Commissioner of Finance of the Virgin Islands; the Governor and the Director of Finance of Guam; and the Governor and the Director of Administrative Services of American Samoa; and designated officers of the Panama Canal Commission.

(e) *Special provisions.* If no certifying officer is readily accessible, the Commissioner of the Public Debt, Deputy Commissioner, any Assistant Commissioner, or other designated official of the Bureau or of a Federal

Reserve Bank or Branch is authorized to make special provision for any particular case.

§ 315.56 General instructions and liability.

(a) *Certification procedure.* Certifying officers at financial institutions qualified as paying agents should observe the Treasury's payment instructions and identification guidelines in certifying savings bonds and savings notes being forwarded to a Federal Reserve Bank for any transaction. Other certifying officers should provide certification services for persons with whom they have substantial personal acquaintance, and for other persons whose identities have been unmistakably established. A notation showing exactly how identification was established should be placed on the back of the security or Public Debt form, or in a separate record. As part of the certification, the certifying officer must affix his or her official signature, title and address, the exact date of execution and, where one is available, a corporate stamp or issuing or paying agent's stamp.

(b) *Liability.* The certifying officer and, if such person is an officer or an employee of an organization, the organization will be held fully responsible for the adequacy of the identification.

§ 315.57 When a certifying officer may not certify.

Certifying officers may not certify the requests for payment of bonds, or appropriate Public Debt forms if, in their own right or in a representative capacity, they

(a) Have an interest in the bonds, or

(b) Will, by virtue of the requests being certified, acquire an interest in the bonds.

§ 315.58 Forms to be certified.

When required in the instructions on a Public Debt form, the form must be signed before an authorized certifying officer.

Subpart K—Minors, Incompetents, Aged Persons, Absentees, et al.

§ 315.60 Conditions for payment to representative of an estate.

(a) *General.* The representative of an estate of an owner who is a minor, an aged person, incompetent, absentee, et al., may receive upon request—

(1) If the registration shows the name and capacity of the representative;

(2) If the registration shows the capacity but not the name of the representative and the request is accompanied by appropriate evidence; or

(3) If the registration includes neither the name of the representative nor his or her capacity but the request is accompanied by appropriate evidence.

(b) *Evidence.* Appropriate evidence for paragraphs (a)(2) and (3) of this section includes a certified copy of the letters of appointment or, if the representative is not appointed by a court, other proof of qualification. Except in thee case of corporate fiduciaries, the evidence must show that the appointment is in full force and be dated not more than one year prior to the presentation of the bond for payment. The request for payment appearing on the back of a bond must be signed by the representative as such, for example, "John S. Jones, guardian (committee) of the estate of Henry W. Smith, a minor (an incompetent)."

§ 315.61 Payment after death.

After the death of the ward, and at any time prior to the representative's discharge, the representative of the estate will be entitled to obtain payment of a bond to which the ward was solely entitled.

§ 315.62 Payment to minors.

If the owner of a savings bond is a minor and the form of registration does not indicate that there is a representative of the minor's estate, payment will be made to the minor upon his or her request, provided the minor is of sufficient competency to sign the request for payment and to understand the nature of the transaction. In general, the fact that the request for payment has been signed by a minor and certified will be accepted as sufficient proof of competency and understanding.

§ 315.63 Payment to a parent or other person on behalf of a minor.

If the owner of a savings bond is a minor and the form of registration does not indicate that there is a representative of his or her estate, and if the minor is not of sufficient competency to sign the request for payment and to understand the nature of the transaction, payment will be made to either parent with whom the minor resides or to whom legal custody has been granted. If the minor does not reside with either parent, payment will be made to the person who furnishes the chief support for the minor. The request must appear on the back of the bond in one of the following forms:

(a) *Request by parent.*

I certify that I am the mother of John C. Jones (with whom he resides) (to whom legal custody has been granted). He is —— years of age and is not of sufficient understanding to make this request.

Mary Jones on behalf of John C. Jones.

(b) *Request by other person.*

I certify that John C. Jones does not reside with either parent and that I furnish his chief support. He is —— years of age and is not of sufficient understanding to make this request.

Alice Brown, grandmother, on behalf of John C. Jones.

§ 315.64 Payment, reinvestment, or exchange—voluntary guardian of an incompetent.

When an adult owner of bonds is incapable of requesting payment and there is no other person legally qualified to do so, the relative or other person responsible for the owner's care and support may submit an application for recognition as voluntary guardian for the purpose of redeeming the bonds in the following situations:

(a) The proceeds of the bonds are needed to pay expenses already incurred, or to be incurred during any 90-day period, for the support of the incompetent or his or her legal dependents.

(b) If the bonds have finally matured and it is desired to redeem them and reinvest the proceeds in other savings bonds, the new bonds must be registered in the name of the incompetent, followed by words showing he or she is under voluntary guardianship; for example, "John Jones 123-45-6789, under voluntary guardianship". A living coowner or beneficiary named on the matured bonds must be designated on the new bonds unless the named person furnishes a certified statement consenting to omission of his or her name. If an amount insufficient to purchase an additional bond of any authorized denomination of either series remains after the reinvestment, the voluntary guardian may furnish additional funds sufficient to purchase another bond of either series in the lowest available denomination. If additional funds are not furnished, the remaining amount will be paid to the voluntary guardian for the use and benefit of the incompetent. The provisions for reinvestment of the proceeds of matured bonds are equally applicable to any authorized exchange of bonds of one series for those another.

§ 315.65 Payment—attorney-in-fact of an incompetent or a physically disabled person.

A request for payment by an individual as attorney-in-fact of an incompetent or a physically disabled owner will be honored if the power of attorney grants the attorney-in-fact authority to sell or cash the grantor's securities, sell his or her personal property, or otherwise grants similar authority. In the case of incompetency or total incapacity, the power of attorney must provide that the grantor's subsequent disability will not affect the authority granted. The request must be supported in all cases by a copy of the power of attorney and medical evidence of the grantor's condition.

§ 315.66 Reissue.

A bond on which a minor or other person under legal disability is named as the owner or coowner, or in which he or she has an interest, may be reissued under the following conditions:

AVAILABLE

(a) A minor for whose estate no representative has been appointed may request reissue if the minor is of sufficient competency to sign his or her name to the request and to understand the nature of the transaction.

(b) A bond on which a minor is named as beneficiary or coowner may be reissued in the name of a custodian for the minor under a statute authorizing gifts to minors upon the request of the adult whose name appears on the bond as owner or coowner.

(c) A minor coowner for whose estate no representative has been appointed, may be named sole owner upon the request of the competent coowner.

(d) Reissue to eliminate the name of a minor or incompetent for whose estate a legal representative has been appointed is permitted only if supported by evidence that a court has authorized the representative of the minor's or incompetent's estate to request the reissue. See § 315.23.

Except to the extent provided in paragraphs (a) through (d), of this section, reissue will be restricted to a form of registration which does not adversely affect the existing ownership or interest of a minor who is not of sufficient understanding to make a request, or other person under legal disability. Requests for reissue should be executed by the person authorized to request payment under §§ 315.60 and 315.63, or the person who may request recognition as voluntary guardian under § 315.64.

Subpart L—Deceased Owner, Coowner or Beneficiary

§ 315.70 General rules governing entitlement.

The following rules govern ownership or entitlement where one or both of the persons named on a bond have died without the bond having been surrendered for payment or reissue:

(a) *Single owner bond.* If the owner of a bond registered in single ownership form has died, the bond becomes the property of that decedent's estate, and payment or reissue will be made as provided in this subpart.

(b) *Coowner bond*—(1) *One coowner deceased.* If one of the coowners named on a bond has died, the surviving coowner will be recognized as its sole and absolute owner, and payment or reissue will be made as though the bond were registered in the name of the survivor alone. Any request for reissue by the surviving coowner must be supported by proof of death of the other coowner.

(2) *Both coowners deceased.* If both coowners named on a bond have died, the bond becomes the property of the estate of the coowner who died last, and payment or reissue will be made as if the bond were registered in the name of the last deceased coowner alone. Proof of death of both coowners will be required to establish the order of death.

(3) *Simultaneous death of both coowners.* If both coowners die under conditions where it cannot be established, either by presumption of law or otherwise, which coowner died first, the bond becomes the property of both equally, and payment or reissue will be made accordingly.

(c) *Beneficiary bond*—(1) *Owner deceased.* If the owner of a bond registered in beneficiary form has died and is survived by the beneficiary, upon proof of death of the owner, the beneficiary will be recognized as the sole and absolute owner of the bond. Payment or reissue will be made as though the bond were registered in the survivor's name alone. A request for payment or reissue by the beneficiary must be supported by proof of death of the owner.

(2) *Beneficiary deceased.* If the beneficiary's death occurs before, or simultaneous with, that of the registered owner, payment or reissue will be made as though the bond were registered in the owner's name alone. Proof of death of the owner and beneficiary is required to establish the order of death.

(d) *Nonresident aliens.* If the person who becomes entitled to a bond because of the death of an owner is an alien who is a resident of an area with respect to which the Department of the Treasury restricts or regulates the delivery of checks drawn against funds of the United States or its agencies or instrumentalities, delivery of the redemption check will not be made so long as the restriction applies. See Department of the Treasury Circular No. 655, current revision (31 CFR Part 211).

§ 315.71 Estate administered.

(a) *During administration.* The legal representative of an estate may request payment of bonds, including interest or redemption checks, belonging to the estate or may have the bonds reissued in the names of the persons entitled to share in the estate under the following conditions:

(1) When there is more than one legal representative, all must join in the request for payment or reissue, unless § 315.75(a)(1) or (b) applies.

(2) The request for payment or reissue must be signed in the form: "John A. Jones, administrator of the estate (or executor of the will) of Henry M. Jones, deceased". The request must be supported by evidence of the legal representative's authority in the form of a court certificate or a certified copy of the legal representative's letters of appointment which must be dated within six months of the date of presentation of the bond, unless the evidence shows that the appointment was made within one year prior to the presentation of the bond.

(3) For reissue, the legal representative must certify that each person in whose name reissue is requested is entitled to the extent specified and must certify that each person has consented to the reissue. If a person in whose name reissue is requested desires to name a coowner or beneficiary, the person must execute an additional request for reissue on the appropriate form.

(b) *After administration.* If the estate of the decedent has been settled through judicial proceedings, the bond and interest and redemption checks will be paid, or the bond will be reissued, upon the request of the person shown to be entitled by the court order. The request must be supported by a certified copy of the legal representative's court-approved final account, the decree of distribution, or other pertinent court records. If two or more persons have an interest in the bond, they must enter into an agreement concerning the bond's disposition. If the person entitled desires to name a coowner or beneficiary, a separate request must be made on an appropriate form.

(c) *Special provisions for small amounts.* Special procedures are available for establishing entitlement to, or effecting disposition of, savings bonds and interest and redemption checks if the aggregate face amount, excluding interest checks, does not exceed $1,000.

§ 315.72 Estate not administered.

(a) *Special State law provisions.* A request for payment or reissue of a bond by the person who has qualified under State law to receive or distribute the assets of a decedent's estate will be accepted, provided evidence of the person's authority is submitted.

(b) *Agreement of persons entitled.* If there is no legal representative for the estate of a decedent, the bonds will be paid to, or reissued in the name of, the persons entitled, pursuant to an agreement and request executed by all persons entitled to share in the decedent's personal estate. If the persons entitled to share in the decedent's personal estate include minors or incompetents, payment or reissue of the bonds must be made to them or in their names unless their interest in the bonds is otherwise protected.

(c) *Creditors.* An institutional creditor of a deceased owner's estate is entitled to payment only to the extent of its claim.

(d) *Special provisions for payment of small amounts—survivors of the decedent.*

(1) If the face amount of the bond does not exceed $500 and there is no legal representative of the deceased owner's estate, the bond will be paid upon the request of the person who paid the burial expenses and who has not been reimbursed.

(2) If there is no legal representative of the estate of a decedent who died without a will, and the total face amount of bonds in the estate does not exceed $1,000 (face amount), the bonds may be paid to the decedent's

survivors upon request in the following order of precedence:

(i) Surviving spouse;

(ii) If no surviving spouse, to the child or children of the decedent, and the descendants of deceased children by representation;

(iii) If none of the above, to the parents of the decedent, or the survivor;

(iv) If none of the above, to the brothers and sisters, and the descendants of deceased brothers or sisters by representation;

(v) If none of the above, to other next-of-kin, as determined by the laws of the owner's domicile at death;

(vi) If none of the above, to persons related to the decedent by marriage.

The payment pursuant to this subsection shall be made upon the request and agreement of the survivors to receive the redemption proceeds individually and for the account of any persons entitled. Interest checks held for the estate of a decedent will be distributed with the bonds.

Subpart M—Fiduciaries

§ 315.75 Payment or reissue during the existence of the fiduciary estate.

(a) *Payment or reissue before maturity*—(1) *Request from the fiduciary named in the registration.* A request for reissue or payment prior to maturity must be signed by all of the fiduciaries unless by statute, decree of court, or the terms of the governing instrument, any lesser number may properly execute the request. If the fiduciaries named in the registration are still acting, no further evidence will be required. In other cases, evidence to support the request will be required, as specified:

(i) *Fiduciaries by title only.* If the bond is registered only in the titles, without the names, of fiduciaries not acting as a board, satisfactory evidence of their incumbency must be furnished, except in the case of bonds registered in the title of public officers as trustees.

(ii) *Boards, committees, commissions, etc.* If a bond is registered in the name of a governing body which is empowered to act as a unit, and which holds title to the property of a religious, educational, charitable or nonprofit organization or a public corporation, the request should be signed in the name of the body by an authorized person. Ordinarily, a signed and certified request will be accepted without further evidence.

(iii) *Corporate fiduciaries.* If a bond is registered in the name of a public or private corporation or a governmental body as fiduciary, the request must be signed by an authorized officer in the name of the organization as fiduciary. Ordinarily, a signed and certified request will be accepted without further evidence.

(2) *Trustee of a common trust fund.* A bond held by a financial institution in a fiduciary capacity may be reissued in the name of the institution as trustee of its common trust fund to the extent that participation in the common trust fund is authorized by law or regulation. The request for reissue should be executed by the institution and any cofiduciary.

(3) *Successor fiduciary.* If the fiduciary in whose name the bond is registered has been replaced by another fiduciary, satisfactory evidence of successorship must be furnished.

(b) *Payment at or after final maturity.* At or after final maturity, a request for payment signed by any one or more of the fiduciaries will be accepted. Payment will be made by check drawn as the bond is registered.

§ 315.76 Payment or reissue after termination of the fiduciary estate.

A bond registered in the name or title of a fiduciary may be paid or reissued to the person who has become entitled by reason of the termination of a fiduciary estate. Requests for reissue made by a fiduciary pursuant to the termination of a fiduciary estate should be made on the appropriate form. Requests for payment or reissue by other than the fiduciary must be accompanied by evidence to show that the person has become entitled in accordance with applicable State law or otherwise. When two or more persons have become entitled, the request for payment or reissue must be signed by each of them.

§ 315.77 Exchanges by fiduciaries.

Fiduciaries are authorized to request an exchange of bonds of one series for those of another, pursuant to any applicable Department of the Treasury offering. A living coowner or beneficiary named on the bonds submitted in exchange may be retained in the same capacity on the new bonds.

Subpart N—Private Organizations (Corporations, Associations, Partnerships, etc.) and Governmental Agencies, Units and Officers

§ 315.80 Payment to corporations or unincorporated associations.

A bond registered in the name of a private corporation or an unincorporated association will be paid to the corporation or unincorporated association upon a request for payment on its behalf by an authorized officer. The signature to the request should be in the form, for example, "The Jones Coal Company, a corporation, by John Jones, President", or "The Lotus Club, an unincorporated association, by William A. Smith, Treasurer". A request for payment so signed and certified will ordinarily be accepted without further evidence of the officer's authority.

§ 315.81 Payment to partnerships.

A bond registered in the name of an existing partnership will be paid upon a request for payment signed by a general partner. The signature to the request should be in the form, for example, "Smith and Jones, a partnership, by John Jones, a general partner". A request for payment so signed and certified will ordinarily be accepted as sufficient evidence that the partnership is still in existence and that the person signing the request is authorized.

§ 315.82 Reissue or payment to successors of corporations, unincorporated associations, or partnerships.

A bond registered in the name of a private corporation, an unincorporated associations, or a partnership which has been succeeded by another corporation, unincorporated association, or partnership by operation of law or otherwise, in any manner whereby the business or activities of the original organization are continued without substantial change, will be paid to or reissued in the name of the succeeding organization upon appropriate request on its behalf, supported by satisfactory evidence of successorship. The appropriate form should be used.

§ 315.83 Reissue or payment on dissolution of corporation or partnership.

(a) *Corporations.* A bond registered in the name of a private corporation which is in the process of dissolution will be paid to the authorized representative of the corporation upon a request for payment, supported by satisfactory evidence of the representative's authority. At the termination of dissolution proceedings, the bond may be reissued upon the request of the authorized representative in the names of those persons, other than creditors, entitled to the assets of the corporation, to the extent of their respective interests. Proof will be required that all statutory provisions governing the dissolution of the corporation have been complied with and that the persons in whose names reissue is requested are entitled and have agreed to the reissue. If the dissolution proceedings are under the direction of a court, a certified copy of an order of the court, showing the authority of the representative to make the distribution requested must be furnished.

(b) *Partnerships.* A bond registered in the name of a partnership which has been dissolved by death or withdrawal of a partner, or in any other manner—

(1) Will be paid upon a request for payment by any partner or partners authorized by law to act on behalf of the dissolved partnership, or

(2) Will be paid to or reissued in the names of the persons entitled as the result of such dissolution to the extent of their respective interests, except that reissue will not be made in the names of creditors.

The request must be supported by satisfactory evidence of entitlement, including proof that the debts of the partnership have been paid or properly provided for. The appropriate form should be used.

§ 315.84 Payment to certain institutions.

A bond registered in the name of a church, hospital, home, school, or similar institution, without reference in the registration to the manner in which it is organized or governed or to the manner in which title to its property is held, will be paid upon a request for payment signed on behalf of such institution by an authorized representative. A request for payment signed by a pastor of a church, superintendent of a hospital, president of a college, or by any official generally recognized as having authority to conduct the financial affairs of the particular institution will ordinarily be accepted without further proof of authority. The signature to the request should be in the form, for example, "Shriners' Hospital for Crippled Children, St. Louis, Missouri, by William A. Smith, Superintendent", or "St. Mary's Roman Catholic Church, Albany, New York, by the Rev. John Smyth, Pastor".

§ 315.85 Reissue in name of trustee or agent for reinvestment purposes.

A bond registered in the name of a religious, educational, charitable or nonprofit organization, whether or not incorporated, may be reissued in the name of a financial institution, or an individual, as trustee or agent. There must be an agreement between the organization and the trustee or agent holding funds of the organization, in whole or in part, for the purpose of investing and reinvesting the principal and paying the income to the organization. Reissue should be requested on behalf of the organization by an authorized officer using the appropriate form.

§ 315.86 Reissue upon termination of investment agency.

A bond registered in the name of a financial institution, or individual, as agent for investment purposes only, under an agreement with a religious, an educational, a charitable, or a nonprofit organization, may be reissued in the name of the organization upon termination of the agency. The former agent should request such reissue and should certify that the organization is entitled by reason of the termination of the agency. If such request and certification are not obtainable, the bond will be reissued in the name of the organization upon its own request, supported by satisfactory evidence of the termination of the agency. The appropriate form should be used.

§ 315.87 Payment to governmental agencies, units, or their officers.

(a) *Agencies and units.* A bond registered in the name of a State, county, city, town, village, or in the name of a Federal, State, or local governmental agency, such as a board, commission, or corporation, will be paid upon a request signed in the name of the governmental agency or unit by an authorized officer. A request for payment so signed and certified will ordinarily be accepted without further proof of the officer's authority.

(b) *Officers.* A bond registered in the official title of an officer of a governmental agency or unit will be paid upon a request for payment signed by the officer. The request for payment so signed and certified will ordinarily be accepted as proof that the person signing is the incumbent of the office.

Subpart O—Miscellaneous Provisions

§ 315.90 Waiver of regulations.

The Commissioner of the Public Debt, as designee of the Secretary of the Treasury, may waive or modify any provision or provisions of these regulations. He may do so in any particular case or class of cases for the convenience of the United States or in order to relieve any person or persons of unnecessary hardship:

(a) If such action would not be inconsistent with law or equity, (b) if it does not impair any existing rights, and (c) if he is satisfied that such action would not subject the United States to any substantial expense or liability.

§ 315.91 Additional requirements; bond of indemnity.

The Commissioner of the Public Debt, as designee of the Secretary of

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the Treasury, may require (a) such additional evidence as he may consider necessary or advisable, or (b) a bond of indemnity, with or without surety, in any case in which he may consider such a bond necessary for the protection of the interests of the United States.

§ 315.92 Preservation of rights.

Nothing contained in these regulations shall be construed to limit or restrict existing rights which holders of savings bonds previously issued may have acquired under circulars offering the bonds for sale or under the regulations in force at the time of the purchase.

§ 315.93 Supplements, amendments, or revisions.

The Secretary of the Treasury may at any time, or from time to time, prescribe additional, supplemental, amendatory, or revised rules and regulations governing the United States Savings Bonds and Savings Notes to which this circular applies.

PART 31 —OFFERING OF UNITED STATES SAVINGS BONDS, SERIES E

Sec.

316.1 Offering of bonds.
316.2 Description of bonds.
316.3 Governing regulations.
316.4 Registration.
316.5 Limitation on holdings.
316.6 Purchase of bonds.
316.7 Delivery of bonds.
316.8 Extended terms and improved yields for outstanding bonds.
316.9 Taxation.
316.10 Payment or redemption.
316.11 Reservation as to issue of bonds.
316.12 Preservation of rights.
316.13 Fiscal agents.
316.14 Reservations as to terms of offer.

AUTHORITY: Sec. 22, Second Liberty Bond Act, as amended, 49 Stat. 21; 31 U.S.C. 757c and 5 U.S.C. 301.

SOURCE: 45 FR 21880, Apr. 2, 1980, unless otherwise noted.

§ 316.1 Offering of bonds.

The Secretary of the Treasury hereby offers for sale to the people of the United States, United States Savings Bonds of Series E, hereinafter generally referred to as "Series E bonds" or "bonds". This offer, containing revised terms effective as of June 1, 1979, will terminate as of December 31, 1979, except that, as to bonds purchased under payroll savings plans and employee plans, the offer will terminate no later than June 30, 1980.

§ 316.2 Description of bonds.

(a) *General.* Series E bonds bear a facsimile of the signature of the Secretary of the Treasury and of the Seal of the Department of the Treasury. They are issued only in registered form and are nontransferable.

(b) *Denominations and prices.* Series E bonds are issued on a discount basis. The denominations and issue prices are.

Denomination	Issue price
$25	$18.75
$50	37.50
$75	56.25
$100	75.00
$200	150.00
$500	375.00
$1,000	750.00
$10,000	7,500.00
$100,000 [1]	75,000.00

[1] The $100,000 denomination was available only for purchase by trustees of employees' savings and savings and vacation plans (see § 316.5(b))

(c) *Inscription and issue.* At the time of issue the issuing agent will: (1) Inscribe on the face of each bond the name, social security number [2] and address of the owner, and the name of the beneficiary, if any, or the name, social security number and address of the first-named coowner and the name of the other coowner, (2) enter the issue date in the upper right-hand portion of the bond, and (3) imprint the agent's dating stamp in the lower right-hand portion to show the date the bond is actually inscribed. A bond shall be valid only if an authorized issuing agent receives payment therefor and duly inscribes, dates and stamps it.

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[2] If the bond is being purchased as a gift or award and the owner's social security number is *not known*, the purchaser's social security number or employer identification number must be furnished. In this event, the issuing agent will inscribe the word "GIFT" and the purchaser's number on the bond.

(d) *Term.* A Series E bond shall be dated as of the first day of the month in which payment of the purchase price is received by an agent authorized to issue the bonds. This date is the issue date and the bond will mature and be payable at the maturity value, as shown in Table 174 hereof, 5 years from the issue date. The bond may not be called for redemption by the Secretary of the Treasury prior to maturity or the end of any extended maturity period (see § 316.8(a)(1)). The bond may be redeemed at the owner's option at any time after 2 months from issue date at fixed redemption values.

(e) *Investment yield (interest)*—(1) *General.* The investment yield (interest) on a Series E bond will be approximately 6.5 percent per annum, compounded semiannually, if the bond is held to maturity, but the yield will be less if the bond is redeemed prior thereto. Beginning in the third month from such issue date, a bond will increase in redemption value on the first day of each month up to and including the thirtieth month from issue date so as to provide for such period an investment yield of no less than 4 percent per annum, compounded semiannually. Thereafter, its redemption value will increase at the beginning of each successive half-year period. The interest will be paid as part of the redemption value. See Table 174.

(2) *Additional bonus.* A bonus of ½ of 1 percent, compounded semiannually, will be added to the redemption value of any outstanding and unmatured Series E bond for the 11-year period commencing with the first semiannual interest accural period beginning on or after January 1, 1980, but only if the bond is held to the end of such 11-year period.

§ 316.3 Governing regulations.

Series E bonds are subject to the regulations of the Department of the Treasury, now or hereafter prescribed, governing United States Saving Bonds of Series A, B, C, D, E, F, G, H, J and K, contained in Department of the Treasury Circular No. 530, current revision (31 CFR Part 315).[3]

§ 316.4 Registration.

(a) *General.* Generally, only residents of the United States, its territories and possessions, the Commonwealth of Puerto Rico, and citizens of the United States temporarily residing abroad are eligible to be named as owners of Series E bonds. The bonds may be registered in the names of natural persons in their own right, as provided in paragraph (b) of this section, and in the names and titles or capacities of fiduciaries and organizations, as provided in paragraph (c) of this section. Full information regarding authorized forms of registration and restrictions with respect thereto are found in the governing regulations.

(b) *Natural persons in their own right.* The bonds may be registered in the names of natural persons (whether adults or minors) in their own right, in single ownership, coownership, and beneficiary forms.

(c) *Others.* The bonds may be registered in single ownership form in the names of fiduciaries and private and public organizations, as follows:

(1) *Fiduciaries.* In the names of and showing the titles or capacities of any persons or organizations, public or private, as fiduciaries (including trustees, legal guardians or similar representatives, and certain custodians), but not where the fiduciary would hold the bonds merely or principally as security for the performance of a duty, obligation or service.

(2) *Private and public organizations.* In the names of private or public organizations (including private corporations, partnerships, and unincorporated associations, and States, counties, public corporations, and other public bodies) in their own right, but not in the names of commercial banks.[4]

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[3] Copies may be obtained from any Federal Reserve Bank or Branch, from the Bureau of the Public Debt, Washington, D.C. 20226, or the Bureau of the Public Debt, 200 Third Street, Parkersburg, West Virginia 26101.

[4] For this purpose, commercial banks (as defined in § 315.7, Department of the Treas-

Continued

§ 316.5 Limitation on holdings.

The amount of Series E bonds originally issued during any one calendar year that may be held by any one person, at any one time, computed in accordance with the governing regulations, is limited as follows:

(a) *General limitation.* $10,000 (face amount) for any one calendar year.

(b) *Special limitation for employees' savings plans.* $2,000 (face amount) multiplied by the highest number of participants in any employees' savings plan, as defined in paragraph (b)(1) of this section, at any time during the year in which the bonds are issued.[5]

(1) *Definition of plan and conditions of eligibility.* (i) The employees' savings plan must have been established by the employer for the exclusive and irrevocable benefit of employees or their beneficiaries, afford employees the means of making regular savings from their wages through payroll deduction, and provide for employer contributions to be added to such savings.

(ii) The entire assets thereof must be credited to the individual accounts of participating employees and the assets so credited may be distributed only to them or their beneficiaries, except as otherwise provided herein.

(iii) Series E bonds may be purchased only with assets credited to the accounts of participating employees and only if the amount taken from any account at any time for that purpose is equal to the purchase price of a bond or bonds in an authorized denomination or denominations, and shares therein are credited to the accounts of the individuals from which the purchase price thereof was derived, in amount corresponding with their shares. For example, if $37.50 credited to the account of John Jones is commingled with funds credited to the accounts of other employees to make a total of $7,500, with which a Series E bond in the denomination of $10,000 (face amount) is purchased in December 1973 and registered in the name and title of the trustee, the plan must provide, in effect, that John Jones' account shall be credited to show that he is the owner of a Series E bond in the denomination of $50 (face amount) bearing issue date of December 1, 1978.

(iv) Each participating employee shall have an irrevocable right at any time to demand and receive from the trustee all assets credited to his or her account or the value thereof, if he or she so prefers, without regard to any condition other than the loss or suspension of the privilege of participating further in the plan. However, a plan will not be deemed to be inconsistent herewith if it limits or modifies the exercise of any such right by providing that the employer's contribution does not vest absolutely until the employee shall have made contributions under the plan in each of not more than 60 calendar months succeeding the month for which the employer's contribution is made.

(v) Upon the death of an employee, his or her beneficiary shall have the absolute and unconditional right to demand and receive from the trustee all assets credited to the account of the employee, or the value thereof, if he or she so prefers.

(vi) When settlement is made with an employee or his or her beneficiary with respect to any bond registered in the name and title of the trustee in which the employee has a share (see paragraphs (b)(1) (ii) and (iii) of this section), the bond must be submitted for redemption or reissue to the extent of such share. If an employee or his or her beneficiary is to receive distribution in kind, bonds bearing the same issue dates as those credited to the employee's account will be reissued in the name of the distributee to the extent to which he or she is entitled, in any authorized form of registration, upon the request and certification of the trustee in accordance with the governing regulations.

(2) *Definitions of terms used in this subsection—related provisions.* (i) The term "savings plan" includes any regu-

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ury Circular No. 530, current revision) are those accepting demand deposits.

[5] Savings and vacation plans may be eligible for this special limitation. Questions concerning eligibility of such plans should be addressed to the Bureau of the Public Debt, Washington, DC 20226, or the Bureau of the Public Debt, 200 Third Street, Parkersburg, West Virginia 26101.

lations issued under the plan with regard to Series E bonds. A trustee desiring to purchase bonds in excess of the general limitation in any calendar year should submit to the Federal Reserve Bank of the district, a copy of:

(A) The plan, (B) any such regulations, and (C) the trust agreement, all certified to be true copies, in order to establish eligibility.

(ii) The term "assets" means all funds, including the employees' contributions and employer's contributions and assets purchased therewith as well as accretions thereto, such as dividends on stock, the increment in value on bonds and all other income; but notwithstanding any other provision of this subsection, the right to demand and receive "all assets" credited to the account of an employee shall not be construed to require the distribution of assets in kind when it would not be possible or practicable to make such distribution; for example, Series E bonds may not be reissued in unauthorized denominations, and fractional shares of stock are not readily distributable in kind.

(iii) The term "beneficiary" means the person or persons, if any, designated by the employee in accordance with the terms of the plan to receive the benefits of the trust upon his or her death of the estate of the employee, and the term "distributee" means the employee or his or her beneficiary.

§ 316.6 Purchase of bonds.

Series E bonds may be purchased, as follows:

(a) *Over-the-counter for cash*—(1) *Bonds registered in names of natural persons in their own right only.* At such incorporated banks, trust companies, and other agencies as have been duly qualified as issuing agents.

(2) *Bonds registered in names of trustees of employees' savings plans.* At such incorporated bank, trust company, or other agency, duly qualified as an issuing agent, provided the agent is trustee of an approved employees' savings plan eligible for the special limitation in § 316.5(b) and prior approval to issue the bonds is obtained from the Federal Reserve Bank of the agent's district.

(3) *Bonds registered in all authorized forms.* At Federal Reserve Banks and Branches and at the Department of the Treasury, Washington, DC 20226.

(b) *On mail order.* By mail upon application to any Federal Reserve Bank or Branch or to the Department of the Treasury, accompanied by a remittance to cover the issue price. Any form of exchange, including personal checks, will be accepted subject to collection. Checks or other forms of exchange should be drawn to the order of the Federal Reserve Bank or the United States Treasury, as the case may be. Checks payable by endorsement are not acceptable. Any depositary qualified pursuant to the provisions of Department of the Treasury Circular No. 92, current revision (31 CFR Part 203), will be permitted to make payment by credit for bonds applied for on behalf of its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its district.

(c) *Savings stamps.* The sale of United States Savings Stamps was terminated effective June 30, 1970. However, outstanding stamps affixed in fully or partially completed albums may be used to purchase Series E bonds at banks or other financial institutions authorized to issue such bonds. Stamps may also be redeemed for cash at post offices.

§ 316.7 Delivery of bonds.

Issuing agents are authorized to deliver Series E bonds either over-the-counter in person, or by mail at the risk and expense of the United States, to the address given by the purchaser, but only within the United States, its territories and possessions, and the Commonwealth of Puerto Rico. No mail deliveries elsewhere will be made. If purchased by citizens of the United States temporarily residing abroad, the bonds will be delivered at such address in the United States as the purchaser directs.

§ 316.8 Extended terms and improved yields for outstanding bonds.

(a) *Extended maturity periods*—(1) *General.* The terms "extended maturity period", "second extended maturity period", and "third extended maturity period", when used herein, refer to 10-year intervals after the original maturity dates during which owners may retain their bonds and continue to earn interest on the maturity values or the extended maturity values.[6] No special action is required of owners desiring to take advantage of any extensions heretofore or herein granted.[7]

(2) *Bonds with issue dates from May 1, 1941, through April 1, 1952.* Series E bonds with issue dates from May 1, 1941, through April 1, 1952, will reach final maturity 40 years from their respective issue dates.

(3) *Bonds with issue dates from May 1, 1952, through November 1, 1965.* Owners of Series E bonds with issue dates from May 1, 1952, through November 1, 1965, may retain their bonds for a third extended maturity period of 10 years.

(4) *Bonds with issue dates from December 1, 1965, through June 1, 1980.* Owners of Series E bonds with issue dates from December 1, 1965, through June 1, 1980, may retain their bonds for a second extended maturity period of 10 years.

(b) *Improved yields—Outstanding bonds.* The investment yield on all outstanding bonds, effective from the first semiannual interest accrual period commencing on or after November 1, 1982, will be determined as follows:

(1) *Bonds bearing issue dates prior to November 1, 1947.* Bonds issued prior to November 1, 1947, will continue to provide an investment yield of 8.5 percent per annum, compounded semiannually, to their final maturity which is 40 years after issue.

(2) *Bonds bearing issue dates of November 1, 1947, through June 1, 1980*—(i) *Guaranteed minimum investment yield.* Except as provided in paragraphs (b)(2) (ii) and (iii) of this section the investment yields on Series E bonds bearing issue dates of November 1, 1947, through June 1, 1980, shall be the following guaranteed minimum investment yields:

(A) *Bonds bearing issue dates of November 1, 1947, through October 1, 1977.* A bond bearing an issue date of November 1, 1947, through October 1, 1977, will provide a guaranteed minimum investment yield of 3.5 percent per annum, compounded semiannually, for the remaining term of its current extended maturity period and 7.5 percent per annum, compounded semiannually, for any future extended maturity periods commencing on or after November 1, 1982, unless such yield is changed prior to the beginning of such future extension period.

(B) *Bonds bearing issue dates of November 1, 1977, through April 1, 1978.* A bond bearing an issue date of November 1, 1977, through April 1, 1978, will begin its first extended maturity period on or within six months of November 1, 1982, and will provide a guaranteed minimum investment yield of 7.5 percent per annum, compounded semiannually, during such period and during any future extended maturity period unless such yield is changed prior to the beginning of a future extended maturity period.

(C) *Bonds bearing issue dates of May 1, 1978, through June 1, 1980.* A bond bearing an issue date of May 1, 1978, through June 1, 1980, will provide a guaranteed minimum investment yield equal to the yields heretofore prescribed for its remaining period to original maturity and a yield of 7.5 percent per annum, compounded semiannually, during any future extended maturity period unless such yield is changed prior to the beginning of such future extended maturity period.

(ii) *11-year bonus.* If a bond bearing an issue date of January 1, 1951, or thereafter, is held for the 11-year period from the first semiannual interest accrual period that began on or after January 1, 1980, its guaranteed minimum yield for such period, as specified in paragraph (b)(2)(i) of this section, will be increased by ½ of 1 percent per annum, compounded semiannually.

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[6] The redemption value of any bond at the original and each extended maturity date is the base, in each instance, upon which interest will accrue during the period following.

[7] The tables incorporated herein, arranged according to issue dates, show current redemption values and investment yields.

(iii) *Market-based variable investment yield.* If a bond is held for the 5-year period commencing with the first semiannual interest accrual period beginning on or after November 1, 1982, its yield to each semiannual interest accrual date occurring on and after November 1, 1987, shall be the greater of either the guaranteed minimum investment yield specified in paragraphs (b)(2) (i) and (ii) of this section or the market-based variable investment yield to be determined by the Secretary of the Treasury as follows: For each 6-month period, starting with the period beginning May 1, 1982, the average market yield on outstanding marketable Treasury securities with a remaining term to maturity of approximately 5 years during such period will be determined. The market-based variable investment yield for a bond from the first semiannual interest period starting on or after November 1, 1982, to its semiannual interest accrual date 5 years thereafter, and to each succeeding semiannual accrual date, will be 85 percent, rounded to the nearest one-fourth of 1 percent, of the arithmetic average of the so determined market yield averages for the appropriate number of 6-month periods involved, starting with the period beginning May 1, 1982. The determination of the average market yields by the Secretary of the Treasury or his delegate shall be final and conclusive.

(3) *Tables of redemption values.* Tables showing the established redemption values and investment yields for interest accrual dates occurring less than 5 years from the first semiannual interest accrual period starting on or after November 1, 1982, and the guaranteed minimum investment yields and resulting redemption values for interest accrual dates occurring thereafter, will be available from the Bureau of the Public Debt and Federal Reserve Banks and Branches. The market-based variable investment yield for the period May 1, 1982, to April 30, 1987, as determined under this section, will be announced prior to November 1, 1987, and approximately every 6 months thereafter for successive, additional periods, by notice in the Federal Register, accompanied by tables of the redemption values of bonds for the following 6 months, as determined by the applicable market-based variable investment yield or minimum guaranteed investment yields.

[45 FR 21880, Apr. 2, 1980, as amended at 46 FR 49260, Oct. 6, 1981; 47 FR 49267, Oct. 29, 1982]

§ 316.9 Taxation.

(a) *General.* For the purpose of determining taxes and tax exemptions, the increment in value represented by the difference between the price paid for Series E bonds and the redemption value received therefor shall be considered as interest. Such interest is subject to all taxes imposed under the Internal Revenue Code of 1954. The bonds are subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

(b) *Federal income tax on bonds.* An owner of Series E bonds who is a cash basis taxpayer may use either of two methods of reporting the increase in the redemption value of the bonds for Federal income tax purposes as follows:

(1) Defer reporting the increase to the year of final maturity, actual redemption, or other disposition, whichever is earlier; or

(2) Elect to report the increases each year as they accrue, in which case the election will apply to all Series E bonds then owned and to those thereafter acquired, as well as to any other similar obligations sold on a discount basis.

If the method in paragraph (b)(1) of this section is used, the taxpayer may change to the method in paragraph (b)(2) of this section without obtaining permission from the Internal Revenue Service. However, once the election to use the method in paragraph (b)(2) of this section is made, the taxpayer may not change the method of reporting unless he or she obtains permission to do so from the Internal Revenue Service. For further information on Federal taxes, consult the Service Center Director, or District Director, of the taxpayer's district, or the Internal Revenue Service, Washington, DC 20224.

§ 316.10 Payment or redemption.

(a) *General.* A Series E bond may be redeemed in accordance with its terms at the appropriate redemption value shown in the applicable table hereof. The redemption values of bonds in the denomination of $100,000[9] are not shown in the tables. However, the redemption value of a bond in that denomination will be equal to the total redemption values of ten $10,000 bonds bearing the same issue dates. A bond in a denomination higher than $25 (face amount) may be redeemed in part but only in the amount of an authorized denomination or multiple thereof.

(b) *Federal Reserve Banks and Branches and United States Treasury.* Owners of Series E bonds may obtain payment upon presentation and surrender of the bonds to a Federal Reserve Bank or Branch or to the Department of the Treasury with the request for payment on the bonds duly executed and certified in accordance with the governing regulations.

(c) *Incorporated banks, trust companies and other financial institutions.* An individual (natural person) whose name is inscribed on a Series E bond either as owner or coowner in his or her own right may present such bond to any incorporated bank or trust company or other financial institution which is qualified as a paying agent under Department of the Treasury Circular No. 750, current revision (31 CFR Part 321). If such bond is in order for payment by the paying agent, the owner or coowner, upon establishing his or her identity to the satisfaction of the agent and upon signing the request for payment and adding his or her home or business address, may receive payment of its current redemption value.

§ 316.11 Reservation as to issue of bonds.

The Secretary of the Treasury reserves the right to reject any application for Series E bonds, in whole or in part, and to refuse to issue or permit to be issued hereunder any such bonds in any case or any class or classes of cases if he deems such action to be in the public interest, and his action in any such respect shall be final.

§ 316.12 Preservation of rights.

Nothing contained herein shall limit or restrict rights which owners of Series E bonds heretofore issued have acquired under offers previously in force.

§ 316.13 Fiscal agents.

Federal Reserve Banks and Branches, as fiscal agents of the United States, are authorized to perform such services as may be requested of them by the Secretary of the Treasury in connection with the issue, delivery, redemption, and payment of Series E bonds.

§ 316.14 Reservations as to terms of offer.

The Secretary of the Treasury may at any time or from time to time supplement or amend the terms of this offering of bonds, or of any amendments or supplements thereto.

PART 317—REGULATIONS GOVERNING AGENCIES FOR ISSUE OF UNITED STATES SAVINGS BONDS

Sec.
317.0 Purpose and effective date.
317.1 Definitions.
317.2 Organizations authorized to act.
317.3 Procedure for qualifying and serving as issuing agent.
317.4 Issuing agents currently qualified.
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317.6 Issuance of bonds.
317.7 Accounting for bond stock and sales proceeds.
317.8 Remittance of sales proceeds.
317.9 Role of Federal Reserve Banks.
317.10 Reservation.

AUTHORITY: Sec. 22, 49 Stat. 21, as amended; 31 U.S.C. 757c.

SOURCE: Department of the Treasury Circular, Public Debt Series No. 4-67, First Revision, 44 FR 75058, Dec. 18, 1979, unless otherwise noted.

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[9] See footnote 1 to § 316.2.

§ 317.0 Purpose and effective date.

The regulations in this part govern the manner in which organizations may qualify and act as agents for the sale and issue of accrual-type United States Savings Bonds. They are effective as of January 1, 1980.

§ 317.1 Definitions.

(a) "Bond(s)" means United States Savings Bonds of Series EE, and, until their sale is terminated, savings bonds of Series E.

(b) "Federal Reserve Bank" refers to the Federal Reserve Bank of the district in which the issuing agent or the applicant organization is located, and includes the Branch(es) of the Reserve Bank, where appropriate.

(c) "Issuing agent" refers to an organization which has been granted a certificate of qualification by a Federal Reserve Bank to sell and issue savings bonds.

(d) "Offering circular" refers to Department of the Treasury Circular, Public Debt Series No. 1-80, and, until the sale of Series E bonds is terminated, Department of the Treasury Circular No. 653.

(e) "Organization" means any entity, as described in § 317.2, which may qualify as an issuing agent of bonds.

§ 317.2 Organizations authorized to act.

Organizations eligible to apply for qualification and serve as savings bond issuing agents include:

(a) Banks, trust companies and savings institutions chartered by or incorporated under the laws of the United States, or those of any State or Territory of the United States, the District of Columbia, or the Commonwealth of Puerto Rico;

(b) Agencies of the United States and of State and local governments; and

(c) Employers operating payroll savings plans for the purchase of United States Savings Bonds.

§ 317.3 Procedure for qualifying and serving as issuing agent.

(a) *Execution of application-agreement.* The applicant-organization shall obtain from, duly execute, and file with a Federal Reserve Bank an application-agreement form. The terms of each application-agreement shall include the provisions prescribed by Section 202 of Executive Order No. 11246, entitled "Equal Employment Opportunity" (3 CFR, Subchapter B, 42 U.S.C. 2000e note).

(b) *Certificate of qualification.* Upon approval of an application-agreement, the Federal Reserve Bank will issue a certificate of qualification to the organization. Until the receipt of such a certificate, an organization shall not perform any act as an issuing agent, or advertise in any manner that it is authorized to so act or that it has applied for qualification as an issuing agent.

(c) *Basis for obtaining stock and performing issue functions.* After receipt of a certificate of qualification, an organization may obtain bond stock and perform the functions of an issuing agent. Under the terms of the application-agreement, the stock of bonds, together with the proceeds of their sale, are at all times the property of the United States, for which the organization shall be fully accountable.

(d) *Adverse action or change in qualification.* An organization will be notified by the Federal Reserve Bank if its application-agreement to act as issuing agent is not approved, or if, after qualification, the certificate of qualification is terminated.

§ 317.4 Issuing agents currently qualified.

Organizations qualified as issuing agents under trust agreements currently in effect are authorized to continue to act in that capacity without requalification. By so acting, they shall be subject to the terms and conditions of the previously executed application-agreements and these regulations in the same manner and to the same extent as though they had requalified hereunder.

§ 317.5 Termination of qualification.

(a) *By the United States.* The Secretary of the Treasury or his delegate may terminate the qualification of an issuing agent at any time, upon due notice to the agent. If this action is taken, the agent will be required to make a final accounting for the balance of savings bond stock for which it is charged, based on the records of the Federal Reserve Bank. The agent must surrender all unissued bonds and remit the issue price of any remaining bonds included in its accountability.

(b) *At request of issuing agent.* A Federal Reserve Bank will terminate the qualification of an issuing agent upon its request, provided the agent is in full compliance with the terms of its agreement and the applicable regulations and instructions, and renders a final accounting.

§ 317.6 Issuance of bonds.

(a) *General.* Issuing agents shall comply with all regulations and instructions issued by the Department of the Treasury directly, or through the Federal Reserve Bank, concerning the sale, inscription, dating, validation and issue of the bonds, and disposition of the registration stubs. No issuing agent shall have authority to sell bonds other than as provided in the offering circular.

(b) *Fees.* Issuing agents other than Federal agencies, which for the purpose of this section include Government corporations and independent establishments, will be paid a fee for each savings bond issued. A schedule reflecting the amount of the fees and the basis upon which they are computed will be published in the FEDERAL REGISTER.

(c) *No charge to customers.* Financial institutions accepting fees from the Treasury for issuing savings bonds shall not make any charge to customers for the same service.

§ 317.7 Accounting for bond stock and sales proceeds.

Issuing agents must comply with all regulations and instructions issued by the Department of the Treasury governing the accounting for bond stock and for the proceeds of bond sales.

§ 317.8 Remittance of sales proceeds.

Issuing agents shall remit bond sales proceeds promptly in accordance with instructions issued by the Department of the Treasury, either directly or through the Federal Reserve Banks. Failure to comply with these instructions may subject an agent to penalties, including termination of its qualification as an issuing agent.

APPENDIX TO § 317.8—REMITTANCE OF SALES PROCEEDS, DEPARTMENT OF THE TREASURY CIRCULAR, PUBLIC DEBT SERIES NO. 4-67, REVISED

(31 CFR Part 317), Fiscal Service, Bureau of the Public Debt

Subpart A—General Information

1. *Purpose.* This appendix is issued for the guidance of organizations qualified as issuing agents of United States Savings Bonds, Series EE, under the provisions of Department of the Treasury Circular, Public Debt Series No. 4-67. Its purpose is to supplement the provisions of § 317.8 of the Circular relating to the remittance of savings bond sales proceeds, including the interest charge to be collected for late remittances.

2. *Definition of terms.* As used in this appendix:

(a) "Issue Date" is the date as of which a bond begins to earn interest. It is the date entered by the issuing agent in the upper right corner of the bond.

(b) "Validation Date" is the date on which a bond is actually inscribed for issue. It is entered by the issuing agent immediately below the "Issue Date" in the area marked "Issuing Agent's Dating Stamp".

(c) "Over-the-counter sale" includes all sales of savings bonds (i) on the basis of individual purchase applications received over-the-counter or by mail, and (ii) on Bond-a-Month plans.

(d) "Payroll sale" includes all issues of savings bonds paid for with deductions withheld from the pay of employees of organizations which maintain (i) payroll savings plans or (ii) thrift, savings, vacation, or similar plans.

(e) "Issuing agent", as provided in § 317.1(c) of the Circular, refers to an organization which has been granted a certificate of qualification by a Federal Reserve Bank to sell and issue savings bonds.

(f) "Immediately available funds" are remittances of funds which are available for the use by the Department of the Treasury immediately upon receipt by the Department or its fiscal agents, and include, but are not limited to:

(1) A charge to the remitter's (or a correspondent depository institution's) reserve account with a Federal Reserve Bank;

(2) A credit to the tax and loan account of an agent which is a note option Treasury tax and loan depositary, subject to the provisions of § 203.9 of Department of the Treasury Circular No. 92, as revised (31 CFR Part 203), the regulations governing Treasury Tax and Loan Depositaries;

(3) A Federal funds check;

(4) A United States Government check; or

(5) A postal money order.

(g) "Financial institutions" refers to banks, trust companies, credit unions, and savings institutions chartered by or incorporated under the laws of the United States, or those of any State or Territory of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

(h) "Nonfinancial institutions" refers to any issuing agent not described under paragraph (g) of this appendix.

3. *Determination of issue date.* The obligation of the United States to pay interest on a savings bond is determined by its issue date. That date is the first day of the month in which a qualified issuing agent receives or accumulates the full purchase price of the bond. In the case of a bond purchased under a payroll savings plan operated by an organization which is not an issuing agent, the issue date should be fixed as of the month in which the organization accumulates the full issue price of the bond, but such funds must be remitted to the issuing agent in time to permit such dating.

4. *Forms of remittance.* Issuing agents shall remit sales proceeds in timely fashion as follows:

(a) Issuing agents which are financial institutions must remit in immediately available funds.

(b) Issuing agents which are nonfinancial institutions should remit in immediately available funds.

(c) The Commissioner of the Public Debt, as designee of the Secretary of the Treasury, may waive or modify this provision. The Commissioner may do so in any particular case or class of cases for the convenience of the United States or in order to relieve any agent of agents of unusual hardship: (1) If such action would not be inconsistent with law or equity, (2) if it does not impair any existing rights, and (3) if the Commissioner is satisfied that such action would not subject the United States to any substantial expense or liability.

5. *Remittance date.* Sales proceeds should be remitted on the date shown on the transmittal document, Form PD 3252 (over-the-counter sales) or PD 4848 (payroll sales). However, if there is a significant time difference between the date on the remittance document and the date of receipt in the Federal Reserve Bank, the transmittal date may be determined, for purposes of this appendix, by the postmark, if the remittance is mailed, or the receipt date, if the remittance is forwarded by courier, messenger, or similar means.

Subpart B—Remittances Covering Over-the-Counter Sales

1. *Remittance schedules.* Each Federal Reserve Bank will classify its over-the-counter agents and establish remittance schedules, based on a periodic determination by the Bureau of the Public Debt of the average monthly over-the-counter sales remitted by each agent.

2. *Agents with average monthly sales of less than $5,000.* Each agent with average monthly over-the-counter sales of less than $5,000 (issue price) will remit the proceeds of such sales no less often than once each month, on a schedule established by the Federal Reserve Bank. The agent will be allowed two (2) business days to prepare the remittance; sales during those two (2) days may be included in the following month's remittance.

3. *Agents with average monthly sales of $5,000 or more.* Each agent with average monthly over-the-counter sales of $5,000 (issue price) or more will remit the proceeds of such sales no less often than once a week, on a schedule established by the Federal Reserve Bank. Sales proceeds shall be transmitted no later than seven (7) business days from the day the bonds are inscribed for issue (the validation date). The agent will be allowed two (2) business days to prepare the remittance; sales during those two days may be included in the following week's remittance.

Subpart C—Payroll Sales

1. *Application of requirements.* The remittance requirements apply to the agent which issues the bonds. That agent may be either (a) the employer organization which maintains the payroll deduction plan, or (b) a financial institution which services the employer organization. Organizations which maintain payroll deduction plans but do not issue bonds should be notified by the issuing agent serving them that they must remit the issue price of bonds to the agent in sufficient time to permit compliance with the requirements.

2. *Bonds inscribed currently.* If a bond is inscribed for issue during the month shown in the issue date, the proceeds shall be remitted no later than two (2) business days after the validation date.

3. *Bonds inscribed subsequent to issue date.* If a bond is inscribed for issue after the month shown in the issue date (*i.e.*, the month in the validation date is later than the month in the issue date), the proceeds shall be remitted no later than the second business day of the month following the month shown in the issue date.

Subpart D—Interest on Late Remittances

1. *Rate of interest.* Interest will be assessd for each day's delay in the remittance of sales proceeds, based on the actual date of remittance. The rate of interest to be used will be the current value of funds to the Treasury, as set forth each quarter in the

Treasury Fiscal Requirements Manual. The rate applied will be that in effect during the entire period in which the remittance is late. The interest charge will be collected by the Federal Reserve Bank.

2. *Waiver.* Interest will be waived in any case in which the interest is less than $50 for all sales reported during a given month; however, the Commissoner of the Public Debt may suspend the application of the waiver in the case of any agent which consistently fails to meet the remittance requirements. The Commissioner of the Public Debt is also authorized to waive the interest payment in any specific case where, in the judgment of the Commissioner, the circumstances warrant such action. The Commissioners' decision on any waiver action shall be final.

(Sec. 22 of the Second Liberty Bond Act, as amended; 49 Stat. 21, as amended; 31 U.S.C. 757c and 5 U.S.C. 301)

[Dept. of the Treas. Cir., Public Dept Series No. 4-67, 1st Revision, 44 FR 75058, Dec. 18, 1979, as amended at 46 FR 38664, July 28, 1981; 51 FR 6401, Feb. 24, 1986]

§ 317.9 Role of Federal Reserve Banks.

In their capacity as fiscal agents of the United States, the Federal Reserve Banks are authorized to perform such duties, including the issuance of instructions and forms, as may be necessary to fulfill the purposes and requirements of these regulations. The Reserve Banks qualify issuing agents; supply them with bond stock and maintain records of the agents' accountability; instruct them regarding the sale and issue of bonds, the custody and control of bond stock, and the accounting for and remittance of sales proceeds; and provide guidelines covering the amount of bond stock agents may ordinarily requisition and maintain.

§ 317.10 Reservation.

The Secretary of the Treasury may at any time, or from time to time, supplement or amend the terms of these regulations.

PART 321—PAYMENTS BY BANKS AND OTHER FINANCIAL INSTITUTIONS OF UNITED STATES SAVINGS BONDS AND UNITED STATES SAVINGS NOTES (FREEDOM SHARES)

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APPENDIX TO DEPARTMENT OF THE TREASURY CIRCULAR NO. 750; THIRD REVISION

AUTHORITY: Sec. 22, 49 Stat. 21, as amended; 31 U.S.C. 757c.

SOURCE: Department of the Treasury Circular No. 750, Third Revision, 45 FR 44591, July 1, 1980, unless otherwise noted.

Subpart A—General Information

§ 321.0 Purpose.

The regulations in this part govern the manner in which financial institutions may qualify and act as paying agents for the redemption of:

(a) United States Savings Bonds of Series A, B, C, D, E, and EE and United States Savings Notes (Freedom Shares) presented for cash payment; and (b) eligible Series E and EE savings bonds and savings notes presented for redemption in exchange for Series HH savings bonds under the provisions of Department of the Treasury Circular, Public Debt Series No. 2-80 (31 CFR Part 352).

§ 321.1 Definitions.

(a) "Cash payment" means payment in currency, by check or by credit to a checking, savings or share account.

(b) "Federal Reserve Bank" or "Bank" refers to the Federal Reserve Bank of the district in which a paying agent or applicant-organization is located and includes the Branch(es) of the Bank, where appropriate.

(c) "Owner" means an individual whose name is inscribed as owner or coowner in his or her own right on a bond or note.

(d) "Paying agent(s)" or "agent(s)" means: (1) Any eligible financial institution qualified under the provisions of this Circular, as originally issued, or any subsequent revision, to make payments of savings bonds and notes, and includes branches of such institutions located within the United States, its territories and possessions, and the Commonwealth of Puerto Rico; and (2) any banking facilities of such institutions established at military installations overseas, provided the offering of such redemption services has been authorized by the Department of the Treasury.

(e) "Presenter" means the individual requesting the redemption or redemption-exchange of securities.

(f) "Redemption" and "payment" are used interchangeably for payment of a bond or note in accordance with the terms of its offering and the regulations governing the security, including redemption-exchange.

(g) "Redemption-exchange" means the authorized redemption of eligible securities for the purpose of applying the proceeds in payment for other securities offered in exchange by the Treasury.

(h) "Savings bond(s)" or "bond(s)" means a United States Savings Bond of Series A, B, C, D, E, or EE.

(i) "Savings note(s)" or "note(s)" means a United States Savings Note (Freedom Share).

(j) "Security" or "securities" means a savings bond or savings note, as defined in paragraphs (f) and (g) of this section.

Subpart B—Procedures for Qualification

§ 321.2 Eligible organizations.

Organizations eligible to apply for qualification and to serve as paying agents are commercial banks, trust companies, savings banks, savings and loan associations, building and loan associations (including cooperative banks), credit unions, cash depositories, industrial banks, and similar financial institutions which:

(a) Are incorporated under Federal law or the laws of a State, territory or possession of the United States, the District of Columbia, or the Commonwealth of Puerto Rico; (b) in the usual course of business accept, subject to withdrawal, funds for deposit or the purchase of shares; (c) are under the supervision of the banking department or equivalent authority of the jurisdiction in which incorporated; and (d) maintain regular offices for the transaction of their business.

§ 321.3 Procedure for qualifying and serving as paying agent.

(a) *Execution of application-agreement.* An eligible organization wishing to act as a paying agent shall obtain from, execute and file with a Federal Reserve Bank an application-agreement form. The terms of each application-agreement shall include the provisions prescribed by section 202 of Executive Order No. 11246, entitled "Equal Employment Opportunity" (3 CFR Subchapter B, 42 U.S.C. 2000e note). For the purpose of these regulations eligible institutions in Puerto Rico and the Virgin Islands shall make application to the Federal Reserve Bank of New York, and eligible institutions in Guam shall make application to the Federal Reserve Bank of San Francisco.

(b) *Qualification.* Each Federal Reserve Bank, as fiscal agent of the United States, is authorized to qualify any eligible institution located in its district which possesses adequate authority under its charter to act as paying agent. Upon approval of an application-agreement, the Federal Reserve Bank will issue a certificate of qualification to the organization. Such a certificate automatically qualifies the domestic branches of the organization to redeem securities.

(c) *Announcement of authority.* Upon receipt of a certificate of qualification from a Federal Reserve Bank, a financial institution may announce or advertise its authority to cash bonds and notes and process exchanges of Series E and EE bonds and notes for Series HH bonds.

(d) *Adverse action.* An organization will be notified by the Federal Reserve Bank in writing if its application-agreement to act as paying agent is not approved.

§ 321.4 Paying agents previously qualified.

Institutions qualified as paying agents under previous revisions of this Circular are authorized to continue to act in that capacity without requalification. By so acting, they shall be subject to the terms and conditions of their previously executed application-agreements and these regulations in the same manner and to the same extent as though they had requalified hereunder.

§ 321.5 Termination of qualification.

(a) *By the Treasury.* The Secretary of the Treasury or his delegate, the Commissioner of the Public Debt, may authorize a Federal Reserve Bank to terminate the qualification of any paying agent at any time, following prior written notice of such action to the agent.

(b) *At request of paying agent.* A Federal Reserve Bank will terminate the qualification of a paying agent upon its written request, provided the agent renders a final accounting for all paid bonds, and is found to have fully complied with the terms of its agreement and the applicable regulations and instructions.

(c) *Reservation.* Termination of the qualification as paying agent of any institution shall not prejudice the right of the Treasury to recover the amounts of any erroneous payments made by the institution subsequent to the termination.

Subpart C—Scope of Authority

§ 321.6 General.

Savings bonds and savings notes are issued only in registered form, are not transferable, may not be hypothecated or used as collateral for a loan, and, except as otherwise specifically provided for in the governing regulations, are payable only to the owner or coowner named on the securities. The regulations governing Series EE and HH bonds are contained in Department of the Treasury Circular, Public Debt Series No. 3-80 (31 CFR Part 353), and those governing all other savings bonds, as well as savings notes, are contained in Department of the Treasury Circular No. 530, current revision (31 CFR Part 315).

§ 321.7 Authorized cash payments.

(a) *General.* Subject to the terms and conditions appearing on the securities, the governing regulations, and the provisions of this Circular and any instructions issued in connection therewith, an agent may make payment of savings bonds of Series A, B, C, D, E, and EE and savings notes presented for cash redemption. Except as provided in paragraphs (b) and (c) of this section, the securities must be presented for redemption by an individual whose name is inscribed on the securities as owner or coowner, and who is known to the agent or can establish his or her identity in accordance with Treasury instructions and guidelines. (See § 321.12(b)).

(b) *Change of name by marriage.* If the name of the owner or coowner inscribed on the security has been changed by marriage and the agent knows or establishes that the presenter and the person whose name appears on the security are one and the same individual, the agent may pay the security in accordance with paragraph (a) of this section. The signature to the request for payment should show both names, for example, "Mary J. Smith, changed by marriage from Mary T. Jones".

(c) *Parent of a minor.* If the name of the owner inscribed on the security is that of a minor child who is not of sufficient competency and understanding to execute the request for payment and comprehend the nature of the act, payment may be made to either parent with whom the child resides or to whom custody has been granted, provided the form of registration does not indicate that a guardian or similar representative of the estate of the minor owner has been appointed or is otherwise legally qualified. The parent requesting payment must sign the request for payment in the form, for example, "John A. Jones, on behalf of John C. Jones", and place an endorsement in substantially the following form, which may be typed or imprinted, on the back of the security:

> "I certify that I am the (father or mother) of John C. Jones and the person (with whom he resides) (to whom custody has been granted). He is —— years of age and is not of sufficient competency and understanding to sign the request."

Payment under this paragraph may not be made to any person other than a father or mother.

§ 321.8 Redemption-exchange of Series E and EE Savings Bonds and Savings Notes.

(a) *General.* Subject to the provisions of Circular No. 2-80, the governing regulations, and the provisions of this Circular and its Appendix, an agent may make payment of eligible savings bonds of Series E and EE and savings notes presented for redemption in exchange for Series HH bonds. Securities eligible for exchange are:

(1) Series E bonds presented no later than one year after their final maturity dates;

(2) Series EE bonds presented no earlier than six months after their issue dates; and

(3) All savings notes.

(b) *Requirements for redemption-exchange.* Agents shall not accept and redeem eligible securities on exchange unless:

(1) The securities are accompanied by a completed exchange subscription form signed by the person requesting the exchange;

(2) The person requesting the exchange is: (i) The owner named on the surrendered securities who is to be named as owner or first-named coowner on the Series HH bonds; (ii) the "principal coowner", as defined in § 352.7(e)(2) of Circular No. 2-80, who is to be named as owner or first-named coowner on the Series HH bonds; or (iii) either coowner, if the form of registration requested for the Series HH bonds is identical to that appearing on all of the surrendered securities; and

(3) The request for payment on each surrendered security is signed by the person requesting the exchange, unless the agent is authorized and elects to use the special endorsement procedure provided for in Department of the Treasury Circular No. 888, current revision (31 CFR Part 330).

If the name of the presenter has been changed by marriage, the agent may process the transaction in accordance with the provisions of § 321.7(b) of this Circular.

(c) *Completion of transaction.* The agent shall forward securities redeemed on exchange, the exchange subscription and full payment of the issue price of the Series HH bonds to the Federal Reserve Bank, which will complete the transaction by issuing the new bonds. (See § 321.14.)

§ 321.9 Specific limitations on payment authority.

An agent is not authorized to pay a security for cash or on redemption-exchange:

(a) If it is a Series EE bond presented for payment prior to the end of six months from its issue date.

(b) If it is a savings bond of Series F, G, H, J, K, or HH.

(c) If the presenter is the designated beneficiary.

(d) If the presenter is acting under a power of attorney.

(e) If the agent does not know or cannot establish the identity of the presenter as the owner of the security, including the establishment of the identity of a parent requesting payment on behalf of a minor child, as provided in § 321.7(c).

(f) If the presenter does not sign his or her name in ink as it is inscribed on the security and show a home or business address. (See also § 321.7(b) and (c)).

(g) If the presenter's social security number is not shown in the inscription and he or she refuses to furnish the number.

(h) If the security bears a material irregularity, such as an illegible, incomplete or unauthorized inscription, issue date or issuing agent's validating stamp impression; or if any essential part of the security appears to have been altered or is mutilated or defaced in such a manner as to create doubt or arouse suspicion.

(i) If the security is registered in the name of a corporation, association, partnership, or other organization, or a guardian, administrator, trustee, or other fiduciary.

(j) If Treasury regulations require the submission of documentary evidence to support the redemption, as in the case of deceased owners, incompetents, or minors under legal guardianship, or the change of an owner's name other than by marriage.

(k) If the presenter is a minor who, in the opinion of the agent, is not of sufficient competency and understanding to execute the request for payment and comprehend the nature of the act.

(l) If it is known to the agent that the owner has been legally declared incompetent to manage his or her affairs.

(m) If partial redemption is requested.

§ 321.10 Responsibilities of paying agents.

(a) *Payment of securities.* A financial institution qualified as a paying agent is required to cash eligible savings bonds and savings notes for any presenter, whether or not a customer, during its regular business hours, in accordance with the provisions of this Circular and its Appendix, and the Treasury Identification Guide for Cashing United States Savings Bonds.

(b) *Restrictions.* A paying agent shall not advance money, or make loans on, or discount the redemption value of securities, nor in any manner assist others to do so. An agent shall not pay an owner the current value of a security and then defer presentation to the Treasury for the purpose of obtaining for its own profit an increased value.

Subpart D—Payment and Transmittal of Securities

§ 321.11 Payment.

(a) *Examination.* Before making payment of a security, the agent shall examine it to determine that it is eligible for redemption and is one the agent is authorized to pay under the provisions of this Circular.

(b) *Identification.* The agent shall determine that the individual presenting the security is the same person whose name is inscribed as owner or coowner, except as provided in § 321.7 (b) and (c). Unless the presenter is a person whose identity is well-known to the agent, or is an established customer, he or she should be asked to furnish satisfactory identification in accordance with the Treasury instructions and guidelines. At the time of payment, the agent should make a notation on the back of the security, or in its own records, specifying precisely what was relied on to establish the presenter's identity.

(c) *Execution of request.* The agent shall require that the request for payment on the back of each security be executed by the presenter in the presence of one of its officers or authorized employees, unless the agent is qualified under Circular No. 888, current revision, and elects to use the special endorsement procedure. If the request has already been executed when the security is presented, it should ordinarily be reexecuted.

(d) *Certification of request.* An agent is not required to complete the certification to the request for payment on securities it redeems.

§ 321.12 Redemption value of securities.

The redemption value of each security, which is based on the length of time it has been outstanding, is published in a redemption value table appended to the offering circular. The Bureau of the Public Debt provides each agent with booklets containing tables showing the redemption values of eligible securities during each month, that are to be used in paying the securities.

§ 321.13 Cancellation of redeemed securities.

An agent shall cancel each redeemed security by imprinting the word "PAID" on its face and entering the amount and date of the actual payment, and the name, location and code number assigned to the agent by the Federal Reserve Bank. The recordation of this data shall constitute a certification by the agent that the security was redeemed in accordance with the provisions of this Circular, that the identity of the presenter was duly established, and that the proceeds were paid to the presenter or remitted to a Federal Reserve Bank in payment for Series HH bonds.

§ 321.14 Transmittal to and settlement by a Federal Reserve Bank.

The paying agent shall forward securities redeemed for cash and on redemption-exchange, with covering transmittal letter forms, to the Federal Reserve Bank in accordance with the latter's instructions. Upon receipt of the securities, the Bank will make immediate settlement with the paying agent for the total amount paid, as reflected on the transmittal letter form. Such settlement shall be subject to adjustment if discrepancies are subsequently discovered. The Federal Reserve Bank will forward all redeemed securities to the Bureau of the Public Debt for audit.

Subpart E—Losses Resulting from Erroneous Payments

§ 321.15 Statutory provisions.

Under the governing statute, as amended (Title 31, United States Code, section 757c(i)), an agency that redeems savings bonds and savings notes cannot be relieved of liability for a loss resulting from an erroneous payment unless the Secretary of the Treasury can make a determination that the loss resulted from no fault or negligence on the part of the agency.

§ 321.16 Report of erroneous payment.

If a paying agent discovers an erroneous payment of securities, it should immediately advise the Bureau of the Public Debt, 200 Third Street, Parkersburg, West Virginia 26101. If the circumstances of the payment warrant such action, the agent should also notify the nearest office of the United States Secret Service.

§ 321.17 Investigation of potential loss.

(a) *Notice to agent.* When it determines that a potential loss has occurred because of the erroneous payment of securities, the Bureau of the Public Debt will promptly notify the paying agent in writing, identifying the securities and furnishing appropriate details and instructions. Notification may also be made through a personal visit from a Secret Service agent, rather than in writing.

(b) *Investigative procedure.* The Bureau of the Public Debt shall request the United States Secret Service to investigate potential losses and to assist in the recovery of improper payments. The paying agent, upon receipt of notification of an erroneous payment, shall make available to the Bureau of the Public Debt or it investigative agent all records and information pertaining to the redemption transaction in question, including the disposition of the redemption proceeds. If those proceeds were deposited in an account maintained by the agent, the information made available shall include the ultimate dispositon of the redemption proceeds from the account.

(c) *Opportunity to present evidence.* The paying agent involved in any erroneous payment shall be given every opportunity to present the full facts relating to the payment, prior to a determination of final loss.

§ 321.18 Determination of loss.

Upon completion of the investigation, and after consideration of the results, the Bureau of the Public Debt shall advise the agency through which the payment occurred:

(a) That no final loss to the United States has occurred, and, accordingly, that it is relieved from liability for the payment, or that no claim for reimbursement shall be made unless and until a loss has been sustained; or

(b) That while a final loss to the United States has occurred, it is not required to make reimbursement therefor, as the Secretary of the Treasury, or the Comissioner of the Public Debt, as his delegate, has determined that such loss resulted from no fault or negligence on the part of such agency; or

(c) That a final loss to the United States has occurred, and that, as the Secretary of the Treasury, or the Commissioner of the Public Debt, as his delegate, has been unable to make an affirmative finding that such loss resulted from no fault or negligence on the part of such agency, reimbursement must be made promptly, except where credit for the payment had not previously been extended.

§ 321.19 Certification of signatures.

The regulations in this subpart shall, to the extent appropriate, apply to losses resulting from payments made in reliance on certifications of signatures to any requests for payment of savings bonds and savings notes by an officer or designated employee of any financial institution authorized to certify such requests.

§ 321.20 Applicability of provisions.

The provisions of this subpart shall apply to securities redeemed by any Federal Reserve Bank, as fiscal agent, or any Treasury office authorized to pay savings bonds and notes, as well as to qualified paying agents.

§ 321.21 Replacement and recovery of losses.

If a final loss has resulted from the redemption of a savings bond or savings note, and no reimbursement has been or will be made, the loss shall be subject to replacement out of the fund established by the Government Losses in Shipment Act, as amended.

Subpart F—Forwarding Items

§ 321.22 Forwarding securities not payable by an agent.

Any securities an agent is not authorized to pay under the provisions of this Circular should be forwarded for redemption, with the requests for payment properly certified, to a Federal Reserve Bank or to the Bureau of the Public Debt, 200 Third Street, Parkersburg, West Virginia 26101. Any documentary evidence required to support the redemption should accompany the securities. If the securities are presented for redemption-exchange, they must also be accompanied by a completed exchange subscription and the cash difference, if any, due on the exchange. If an institution undertakes to forward unpaid securities at the request of and on behalf of the person entitled to payment, they must be transmitted separately from securities the institution has paid.

Subpart G—Miscellaneous Provisions

§ 321.23 Paying agent fees and charges.

(a) *Fees.* Paying agents receive a fee for each security redeemed. A schedule setting out the fees and the basis on which they are computed and paid is separately published in the FEDERAL REGISTER. Current information is available from a Federal Reserve Bank or the Bureau of the Public Debt.

(b) *Charges to owners.* Paying agents shall not make any charge whatever to owners of savings bonds and savings notes for redeeming securities under the provisions of this Circular.

§ 321.24 Claims on account of lost securities.

If a security paid by an agent is lost, stolen or destroyed while in the custody of the agent or while in transit to a Federal Reserve Bank, the Bureau of the Public Debt will consider an agent's claim for reimbursement of the amount paid on the missing security, provided it can be identified by serial number.

§ 321.25 Role of Federal Reserve Banks.

The Federal Reserve Banks, as fiscal agents of the United States, shall perform such services in connection with this part as may be requested by the Secretary of the Treasury or his delegate, the Commissioner of the Public Debt. The Banks are authorized and directed to perform such duties, including the issuance of instructions and forms, as may be necessary to fulfill the purposes and requirements of these regulations.

§ 321.26 Preservation of rights.

Nothing contained in this Circular shall limit or restrict any existing rights which holders of savings bonds and savings notes may have acquired under the Circulars offering the securities for sale and the applicable regulations.

§ 321.27 Supplements, amendments, or revisions.

The Secretary of the Treasury may, at any time or from time to time, revise, supplement, amend or withdraw, in whole or in part, the provisions of this Circular.

APPENDIX TO DEPARTMENT OF THE TREASURY CIRCULAR NO. 750: THIRD REVISION

FISCAL SERVICE, BUREAU OF THE PUBLIC DEBT

Subpart A—General Information

1. *Purpose.* This appendix is issued for the guidance of banks and other financial institutions qualified as paying agents of United States Savings Bonds and United States Savings Notes (Freedom Shares) under the provisions of Department of the Treasury Circular No. 750, Third Revision. Its purpose is to provide:

(a) Information to supplement the regulations contained in the Circular, and (b) specific instructions for processing redemption and redemption-exchange transactions. The information and instructions are indexed to the sections and paragraphs of the Circular which they explain or expand.

2. *Other pertinent circulars.* In addition to Circular No. 750, agents should be familiar with the provisions of the following Treasury Circulars that contain the terms and conditions of the individual security offerings and the governing regulations:

(a) *Offering circulars.* Department of the Treasury Circulars, Public Debt Series Nos. 1-80 (Series EE bonds), 2-80 (Series HH bonds), and 3-67 (savings notes); and Department of the Treasury Circular No. 653 (Series E bonds).

(b) *Regulations.* Department of the Treasury Circular, Public Debt Series No. 3-80 (Series EE and HH bonds), and Department of the Treasury Circulars Nos. 530 (all other series of savings bonds and savings notes), and 888 (special endorsements).

Subpart B—Procedures for Qualification

3. *Qualification of branches.* (§ 321.3(b)) Qualification of an institution as a paying agent automatically qualifies only its domestic branches. A foreign branch of a qualified paying agent may redeem savings bonds and notes, provided settlement is made through a qualified facility located in the United States.

4. *Paying agent code numbers.* (§ 321.3(b)) The Federal Reserve Bank will assign a code number to each agent it qualifies. A separate number will be assigned to each branch authorized to remit paid bonds directly to the Federal Reserve Bank for its own account. This number is used to identify the paying agent in the audit of paid bond and note transmittals, the preparation of adjustment advices and the computation and payment of fees.

5. *Requalification.* (§ 321.3(b)) If there has been a change in the corporate name of an agent, whether through merger, consolidation, sale of assets, or in any other manner, the agent may be asked by the Federal Reserve Bank to requalify to reflect the change.

6. *Announcement of authority.* (§ 321.3(c)) On and after the effective date of its qualification, a paying agent may appropriately announce or advertise its authority to cash savings bonds and notes and to process redemptions of eligible bonds and notes in exchange for Series HH bonds. Such statements and notices should not, directly or indirectly, encourage the encashment of the securities. Two illustrations of an acceptable type of statement for use in advertisements or displays are:

(a) "We are an authorized agent for payment of U.S. Savings Bonds and U.S. Savings Notes (Freedom Shares)."

(b) "This (bank, savings and loan association, credit union, etc.) is authorized to pay U.S. Savings Bonds and U.S. Savings Notes

(Freedom Shares) and process eligible Series E and EE bonds and savings notes in exchange for Series HH bonds."

Subpart C—Scope of Authority

7. *Authorized cash payments.* (§ 321.7)

(a) *General.* (§ 321.7(a)) The general authority of paying agents to redeem securities for cash extends to Series A, B, C, D, E, and EE bonds and savings notes, presented by the owner or coowner, or by the parent of a minor child, who establishes his or her identity and signs the request for payment.

(b) *Securities submitted by mail.* (§ 321.7(a)) An agent may also accept eligible securities submitted by mail or otherwise for payment from known customers, provided each such customer is also the owner requesting payment. In such cases, the agent should be satisfied that the signature to the request for payment is that of the "owner-customer", and should have written instructions to credit the proceeds to his or her checking, savings, or share account, or to make other disposition thereof. For the agent's protection, such instructions should be retained.

8. *Redemption-exchange of Series E and EE savings bonds and savings notes.* (§ 321.8)

(a) *General.* (§ 321.8 (a) and (b)) The general authority of paying agents to redeem securities in exchange for Series HH bonds extends only to eligible Series E and EE savings bonds and savings notes presented with a completed "Exchange Subscription for United States Savings Bonds of Series HH", Form PD 3253. The current redemption value of securities presented in one transaction must be at least $500. The presenter must be an owner or coowner who:

(1) Is qualified under the regulations to request the exchange, (2) establishes his or her identity, and (3) signs the exchange subscription and the requests for payment on the securities.

(b) *Securities in the name of a minor.* (§ 321.8(b)) If an exchange subscription is submitted on behalf of a minor who is too young to comprehend the nature of the transaction, the form must be completed to request that the Series HH bonds be registered either in the minor's name alone or, in exactly the same form as the surrendered securities. Agents are instructed to discourage exchange transactions involving minor owners who are too young to conduct them on their own.

9. *Specific limitations on payment authority.* (§ 321.9)

(a) *Allowable exceptions.* (§ 321.9) Securities which an agent may not redeem because of the limitations in § 321.9 of the Circular should ordinarily be forwarded to a Federal Reserve Bank for handling. However, if an agent is willing to assume full responsibility, it may make payment of an eligible security which bears a minor irregularity, such as a misspelled name, a transposition of letters, etc., because of its knowledge of the facts or because it wishes to rely on the integrity of the owner.

(b) *Social security number of presenter.* (§ 321.9(g)) Agents are directed to refuse payment of any savings bond or savings note if the social security number of the presenter does not appear in the inscription and he or she is unwilling to furnish the number. Instructions regarding the recordation of the number are provided in paragraph 12(b) of this Appendix.

(c) *Payments to minors.* (§ 321.9(k)) A minor owner or coowner may not request payment of securities if he or she is not of sufficient competency and understanding to comprehend the nature of the act. Because of individual differences in comprehension, the Treasury has not laid down any rule as to the exact age at which a minor should be able to cash his or her securities. If the age of the minor is such that, in the opinion of the paying agent, the child should ordinarily be able to request payment, or in cases of doubt, the agent may require an interview with the minor.

10. *Responsibilities of paying agents.* (§ 321.10)

(a) *Requirements for redeeming securities.* (§ 321.10(a)) Although a qualified paying agent is required to cash eligible bonds and notes for any properly identified presenter during its regular business hours, in accordance with the provisions of the Circular, it is not required to cash securities during Saturday and evening hours, if it is open during such periods primarily as a service for its depositors. While an agent is not required to redeem eligible securities submitted to it for redemption-exchange, it is encouraged to do so.

(b) *Restrictions.* (§ 321.10(b)) Violation of the regulatory prohibitions on making charges for redeeming securities; on advancing money on, making loans on, or discounting the redemption value of securities; and on deferring presentation of a paid bond to obtain a larger credit, will be cause for disqualification and, in some cases, for recovery of the redemption proceeds and profits realized therefrom.

Subpart D—Payment and Transmittal of Securities

11. *Identification of presenter.* (§ 321.11(b))

(a) *Identification guide.* (§ 321.11(b)) The Treasury has issued an identification guide, Form PD 3900, for use by paying agents in redeeming savings bonds and notes. If followed, the guide should enable agents to accommodate reasonable payment requests for presenters, including noncustomers, and, at the same time, protect themselves from losses. Reliance on newly opened customer accounts as identification should be particularly avoided. The guide may be obtained from a Federal Reserve Bank.

(b) *Record of identification practice.* (§ 321.11(b)) At the time of payment, the agent should make a notation on the back of the paid security, or in its own records, specifying precisely what was relied on to establish the presenter's identity. The identification practice should be adequate to identify the payee under the circumstances of the transaction. Otherwise, the agent runs the risk that no evidence can be developed to show that it acted with due care, in which case it could not be relieved of liability if a loss should develop.

12. *Request for payment.* (§ 321.11(c))

(a) *Signature.* (§ 321.11(c)) Except where an agent qualified under Circular No. 888 elects to use the special endorsement procedure, each security redeemed by an agent must bear the signature of the presenter. The name must be signed exactly as it is inscribed on the security, unless the provisions of the Circular and this appendix provide for an exception, such as in cases involving change of name by marriage or requests by parents on behalf of minors. An agent may incur a liability if the request for payment is not properly executed and the security subsequently becomes the subject of a claim the Treasury is obliged to recognize.

(b) *Address and social security number.* (§ 321.11(c)) The presenter must also enter a current home or business address in the space provided in the request for payment area on the back of the security. If the presenter's social security number is shown in the inscription, it should be underlined; if it is not shown in the inscription, it must be recorded in ink in any clear area on the lower left side of the face of the security. If a single transaction includes a group of securities, the address and social security number need be shown on only one security. If both definitive paper and punch card securities are presented in a single transaction, the address and number should be entered on at least one security of each type.

13. *Redemption value of securities.* (§ 321.12)

(a) *Redemption value tables.* (§ 321.12) While the official redemption values of savings bonds and notes are published in tables appended to the offering circulars, the agents are not expected to use these tables to price bonds and notes. The Bureau of the Public Debt provides agents with booklets that contain tables of redemption values for:

(1) Series E bonds, (2) Series EE bonds and (3) savings notes. Additional tables may be obtained on request from the Federal Reserve Bank. The public may purchase the booklets for Series E and EE bonds from the Superintendent of Documents, Government Printing Office, Washington, DC 20402.

(b) *Use of tables.* (§ 321.12) A separate monthly table is provided for each of the three securities (E bonds, EE bonds, and notes). Care should be exercised to use the correct table for the month in which the security is paid, as well as the correct table for the specific security being paid. Incorrect payments can lead to costly and time-consuming adjustments for the agent, as well as the Treasury and Federal Reserve Bank.

(c) *Presentation immediately prior to date of increase in value.* (§ 321.12) If an owner presents a security for payment just prior to a month in which it increases in value, or the month in which it reaches final maturity, the agent should advise the presenter of the fact so that the owner may decide whether to have the payment delayed until the following month.

(d) *Cash redemption.* (§ 321.12) The correct redemption value of securities redeemed by an agent should be paid to the presenter in currency or, upon request, by check payable to the presenter or by credit to the presenter's checking, savings or share account.

(e) *Redemption-exchange.* (§ 321.12) The redemption values of securities submitted in exchange for Series HH bonds shall be those payable in the month the agent receives and accepts a correctly completed and signed exchange subscription, Form PD 3253, with the securities. If the redemption value of the securities is $500 or an even multiple thereof, Series HH bonds must be requested in that exact amount. If the redemption value exceeds $500, but is not an even multiple of that amount, the presenter may elect to add cash to equal the next higher $500 multiple, or to receive payment of the amount in excess of the next lower $500 multiple. For example, if the total redemption value of the surrendered securities is $4,253.33, the agent must remit no less than $4,000 and no more than $4,500 to the Federal Reserve Bank in payment for the Series HH bonds. In the first instance, the agent will pay the presenter $253.33; in the second, it will collect $246.67 when it accepts the exchange subscription.

14. *Cancellation of redeemed securities.* (§ 321.13)

(a) *Paying agent stamp.* (§ 321.13) Each paid bond must be cancelled by the imprint of a payment stamp. The stamp may not exceed 1⅛ inches in any dimension and should include the following information in the arrangement shown:

PAID $—— (for recording amount paid)

Name, location, and paying agent code number assigned by Federal Reserve Bank (subject to abbreviation and arrangement by the Bank).

Date —— (for recording actual date of payment).

By —— (for use by agent in recording initials, or signature, codes, symbols, etc., of the officer or employee who approved or made the payment).

(b) *Procurement of stamps.* (§ 321.13) Hand stamps may be requisitioned by agents from the Federal Reserve Bank, or agents may purchase their own stamps, provided the stamps conform exactly in size and design to that prescribed or approved by the Federal Reserve Bank. To insure legible impressions, stamps should be replaced when worn.

(c) *Imprinting payment stamp and recording payment date.* (§ 321.13) After determining that a security is eligible for payment, the agent should carefully imprint the payment stamp on its face, in the open space immediately to the left of, and as close as possible to, the issue date and issuing agent's validating stamp. It is important not to overprint any data on the security, particularly the serial number, since the security will subsequently be microfilmed. No other stamps shall be placed on the face of the security. Care should be taken to record legibly, in the spaces provided, the correct amount and date (month, day and year) of payment, and the signature, initials, or other identification of the agent's employee who approved or made the payment. A black or dark-colored ink (not green) should be used, and care should be taken not to smear the stamp impression or the writing.

(d) *Redemption-exchange.* (§ 321.13) Securities presented for redemption-exchange shall be stamped "PAID" in the same manner as securities redeemed for cash, but only when all elements of the transaction have been completed, including receipt of the cash difference, if any. In completing the transaction, the agent shall also imprint the "PAID" stamp, showing the exact date of redemption, in the space provided on the Form PD 3253. The date recorded on the form will establish the issue date of the Series HH bonds to be issued by the Federal Reserve Bank.

15. *Transmittal of securities to Federal Reserve Bank.* (§ 321.14)

(a) *Form to be used.* (§ 321.14) A standard transmittal letter or batch card, Form PD 2639 must be used to submit redeemed securities to the Federal Reserve Bank. The Bank will supply the forms to each agent and each branch or facility authorized to remit directly for its own account. The forms will be preprinted to show the agent's name, location and assigned code number, and, if so prearranged, the name and address of a correspondent member bank through which settlement is to be made. To insure proper settlement and correct fee payments, it is essential that each agent, branch or facility accounting directly use only the forms that contain its name and agent code.

(b) *Batching paid securities.* (§ 321.14) A separate Form PD 2639 must be prepared to cover each of the following:

(1) Series A, B, C, D, and E bonds printed on distinctive paper (which may be combined) paid in the same month for cash;

(2) Series E and EE card bonds and savings notes (which may be combined) paid in the same month for cash;

(3) Series E paper bonds redeemed in the same month in exchange for Series HH bonds; and

(4) Series E and EE card bonds and savings notes (which may be combined) redeemed in the same month in exchange for Series HH bonds.

Even if paper and card securities are received together in a single redemption or redemption-exchange transaction, they must be batched separately. Failure to separate and batch the securities in the above manner, or to properly identify the transaction as a "Redemption" or "Exchange" on Form PD 2639, creates costly processing problems and delays for the Bureau of the Public Debt and could result in the incorrect calculation of the fees due the agent.

(c) *Transmittal of Securities.* (§ 321.14) Each Form PD 2639 shall be completed and, with the related securites, transmitted to the Federal Reserve Bank in accordance with instructions from the Bank.

(d) *Special instructions for transmittal of securities redeemed in exchange for Series HH bonds.* (§§ 321.8(c) and 321.14) Securities paid by an agent on redemption-exchange must be accompanied by the completed exchange subscription, Form PD 3253, and by a remittance of the full purchase price of the Series HH bonds. These items, including both paper and card bonds and their covering transmittal letters, should be banded together (not clipped, stapled or pinned) so they will be received as a unit at the Federal Reserve Bank.

(e) *Timing of transmittals.* (§ 321.14) Paid securities and related Forms PD 2639 may be sent to the Federal Reserve Bank each day or less frequently. However, all paid securities on hand on the last business day of the month must be forwarded no later than the next business day. Securities paid in different months should never be combined in the same batch.

(f) *Record of securities paid.* (§§ 321.14 and 321.24) A record of the serial number of and amount paid for each security should be retained by the agent so that settlement can be made if the security is lost in transit. For that purpose, agents are authorized to microfilm the face and back of each security they pay. Such film records must be kept confidential and prints therefrom may be made only with the permission of the Bureau of the Public Debt.

16. *Settlement for and audit of paid securities.* (§ 321.14)

(a) *Settlement.* (§ 321.14) The Federal Reserve Bank will make immediate settlement for the total redemption value of the paid securities in each batch, as recorded on the Form PD 2639. The batch will then be sent to the Bureau of the Public Debt for audit. Settlement may be made by credit to the reserve account of the agent or a designated correspondent member bank, or by check drawn on the Treasury. The amount will be subject to adjustment if discrepancies are discovered after settlement has been made with the agent.

(b) *Audit and adjustment.* (§ 321.14) The Bureau of the Public Debt will audit all paid securities and related Forms PD 2639 as promptly as possible. It will, in due course, notify each agent, through the Federal Reserve Bank, of any adjustments required. Each notice will include information that will enable the agent to adjust the difference with the payee, if necessary. The Federal Reserve Bank will adjust any amounts previously credited to the agent. If an agent discovers an error before the audit is completed, it should notify the Federal Reserve Bank immediately.

Subpart E—Losses Resulting from Erroneous Payments

17. *Report of Erroneous Payment.* (§ *321.16*) Any erroneous payment that comes to the attention of the agent should be reported immediately to the Bureau of the Public Debt, 200 Third Street, Parkersburg, West Virginia 26101. The nearest office of the Secret Service should also be notified if the agent believes that a security presented for payment may be a counterfeit, if it appears that stolen securities have been presented, or if the circumstances of the presentation are suspicious in any other respect.

18. *Notice to agent.* (§ 321.17(a)) The paying agent will be notified promptly if it appears that an erroneous payment has occurred. The notice will generally be in writing from the Bureau of the Public Debt. It is intended primarily to enable the agent to:

(a) Notify its bonding company, (b) assemble pertinent information covering the transaction for presentation during the Department's investigation, and (c) take any other action it deems appropriate to protect its interest.

19. *Determination of liability.* (§ 321.18) Upon completion of the investigation, the Bureau will examine the information it has developed for the purpose of determining whether or not the agent may be relieved of liability for any loss that may have resulted. If it cannot be relieved of liability, the agent will be asked to reimburse the Treasury promptly for any loss. After prior notice to the agent, the claim for reimbursement may be deferred if restitution from the party obtaining payment appears probable. Reconsideration of a determination will be made in any case where the agent so requests and presents additional evidence and information regarding the transaction.

20. *Relief for lack of timely notice.* (§ 321.18) A paying agent will be relieved of liability to the United States for any loss resulting from the erroneous payment of savings bonds or notes where the Secretary of the Treasury or his delegate, the Commissioner of the Public Debt, determines that written notice of either liability or potential liability has not been given to the agent within 10 years of the date of the erroneous payment.

Subpart F—Forwarding Items

21. *Securities sent to the Federal Reserve Bank as forwarding items for processing and payment.* (§ 321.22)

(a) *General.* (§ 321.22) Securities presented for cash payment or redemption-exchange which an agent is not authorized to redeem should be forwarded to the Federal Reserve Bank. Each transaction should be submitted separately, with all necessary supporting documentation and with any payment instructions that are necessary.

(b) *Signature to and certification of request for payment.* (§ 321.22) Agents qualified under Circular No. 888 may elect to specially endorse the securities for customers in lieu of requiring completion of the requests for payment. Unless this procedure is used, the presenter must sign the request on each security and the signature must be certified. Before executing the certification, the agent should establish the identity of the presenter. The Treasury's identification guidelines should be followed, in view of the potential liability that attaches to such certification.

(c) *Address and social security number.* (§ 321.22) In every case, a current address must be furnished and the social security number of an individual presenter or the employer identification number of a trust, estate, etc., must be recorded on the face of at least one security, if it is not included in the inscription.

(d) *Redemption-exchange* (§ 321.22) For redemption-exchange cases processed as forwarding items, the issue date of the Series HH bonds will be the first day of the month in which the correctly completed exchange subscription and full payment are received by the Federal Reserve Bank.

(e) *Partial redemptions.* (§ 321.9(m) and 321.22) Partial redemption of a savings bond or savings note, in denominations other than the lowest denomination authorized for the specific security, may be made by a

Federal Reserve Bank. The amount of the partial redemption must be that of an authorized denomination. If a security is received by an agent for partial redemption, the words "to the extent of $———(face amount) and reissue of the remainder" should be added to the first sentence of the request for payment. The request should then be completed in the regular manner and the signature of the presenter certified. The security should be forwarded to the Federal Reserve Bank.

Subpart G—Miscellaneous Provisions

22. *Fees.* (§ 321.23) Fees will be paid by the Treasury only for securities an agent redeems for cash or on exchange. Securities processed as forwarding items under the provisions of § 321.22 of the Circular and paragraph 22 of this Appendix are not eligible for such fees.

23. *Claims on account of lost securities.* (§ 321.24) If securities paid by an agent are lost, stolen or destroyed while in the custody of the agent or in transit to a Federal Reserve Bank, relief cannot be considered unless the securities can be identified by serial number. (See paragraph 16(f) of this Appendix regarding the maintenance of a record of paid securities.) If redeemed securities are lost, stolen or destroyed, a claim should be submitted on Form PD 2517 to the Bureau of the Public Debt, 200 Third Street, Parkersburg, West Virginia 26101. The form can be obtained from the Federal Reserve Bank. The Bureau will investigate and adjudicate the claim and advise the agent of its findings and conclusions.

24. *Additional information.* (§ 321.25) Requests for additional advice, clarification of the payment regulations or this Appendix, and other matters relating to the actions of a financial institution as paying agent should generally be made to the Federal Reserve Bank.

PART 323—DISCLOSURE OF RECORDS

Sec.
323.1 Purpose of regulations.
323.2 Rules governing availability of information.
323.3 Materials available for inspection and copying.
323.4 Requests for identifiable records.
323.5 Fees.

AUTHORITY: 80 Stat. 379; sec. 3, 60 Stat. 238, as amended; 5 U.S.C. 301, 552.

SOURCE: 32 FR 9967, July 7, 1967, unless otherwise noted.

§ 323.1 Purpose of regulations.

The regulations of this part are issued to implement 5 U.S.C. 552(a)(2) and (3). The requirements of 5 U.S.C. 552(a)(1) are met through the publication in the FEDERAL REGISTER of the statement of the organization, functions and procedures available of the Fiscal Service, including the Bureau of the Public Debt, and revisions thereof, and through the publication therein of substantive and procedural regulations of the Bureau. A synopsis of the statements of Bureau organization, functions and procedures available will be published annually by the Office of the Federal Register in the U.S. Government Organization Manual.

§ 323.2 Rules governing availability of information.

(a) *General.* The records of the Bureau of the Public Debt required by 5 U.S.C. 552 to be made available to the public shall be made available in accordance with the regulations on the Disclosure of Records of the Office of the Secretary issued under 5 U.S.C. 552 and published as Part I of Title 31 of the Code of Federal Regulations, 32 FR 9562, July 1, 1967, except as specifically provided in this part.

(b) *Limitations on the availability of records relating to securities.* Records relating to the purchase, ownership of, and transactions in Treasury securities or other securities handled by the Bureau of the Public Debt for government agencies or wholly or partially Government-owned corporations will ordinarily be disclosed only to the owners of such securities, their executors, administrators or other legal representatives or to their survivors or to investigative and certain other agencies of the Federal and State governments, to trustees in bankruptcy, receivers of insolvents' estates or where proper order has been entered requesting disclosure of information to Federal and State courts. These records are held confidential because they relate to private financial affairs of the owners.

§ 323.3 Materials available for inspection and copying.

(a) *Availability.* The materials which are required under 5 U.S.C.

552(a)(2) to be made available for inspection and copying are:

(1) Final opinions or orders made in the adjudication of cases. Any issued by the Bureau of the Public Debt would be in the form of letters or memorandums setting out determinations made in disposing of any matter before the Bureau.

(2) Statements of policy and interpretations which have been adopted by the Bureau but not published in the FEDERAL REGISTER.

(3) Administrative staff manuals and instructions to the staff that affect any member of the public. Some Federal Reserve Bank memorandums and Public Debt memorandums will be made available under this provision.

(b) *Location.* The materials listed in paragraph (a) of this section are available for inspection and copy during office hours in the Public Reading Room of the Treasury Department, 15th Street and Pennsylvania Avenue NW., Washington, DC 20220.

§ 323.4 Requests for identifiable records.

(a) *Procedure.* (1) A written request for an identifiable record relating to a U.S. savings bond or note shall be addressed to the Deputy Commissioner, Bureau of the Public Debt, Chicago, Ill. 60605.

(2) A request for an identifiable record relating to any Treasury Department security, other than a savings bond or note, or a security of a Government agency or a wholly or partially Government-owned corporation, the record of which is maintained by the Bureau of the Public Debt, shall be addressed to the Chief, Division of Loans and Currency, Bureau of the Public Debt, Washington, DC 20226.

(3) A request for an identifiable record relating to any security of a Government agency or wholly or partially Government-owned corporation, the record for which is maintained by the Federal Reserve Bank of New York, shall be addressed to the Federal Reserve Bank of New York, New York, NY 10045.

(4) A written request for any identifiable record that the Bureau of the Public Debt has other than those set out in paragraphs (a) (1), (2), and (3) of this section shall be addressed to the Commissioner of the Public Debt, Washington, DC 20220.

(5) A request may be presented in person at the office to which a written request would be addressed.

(b) *Determination of availability.* Determination as to whether or not a requested record shall be disclosed will be made by the Officer to whom the request should be directed under paragraph (a) of this section, and by the Bureau of Public Debt Information Officer for requests directed to the Office of the Commissioner, subject to an appeal to the Commissioner of the Public Debt. The decision of the Commissioner shall constitute final agency action unless he refers the appeal to the Fiscal Assistant Secretary, in which case the decision of the Fiscal Assistant Secretary shall constitute final agency action.

§ 323.5 Fees.

The fees provided in Part 1 of Title 31 of the CFR (32 FR 9562, July 1, 1967), shall apply to all requests for identifiable records under this Part except as follows:

(a) No charge will be made for verifying the record of a savings bond or note identified by series and denomination and either the registration and issue date or the serial number at the request of the owner, coowner, or surviving beneficiary or person entitled to the security under the applicable regulations.

(b) No charge will be made for verifying the record of a registered Treasury security, other than a savings bond or note, or a registered security of a Government agency or a wholly or partially Government-owned corporation, identified as to loan and registration for an owner, joint owner or person entitled to the security under the applicable regulations.

(c) No charge will be made for advising a person who has submitted satisfactory evidence of ownership as to the status of a bearer Treasury security or a bearer security of a Government agency or a wholly or partially Government-owned corporation.

(d) No charge will be made for furnishing an owner, coowner, joint owner, surviving beneficiary, or person who is entitled to the security under the applicable regulations a photocopy or similar reproduction of any Treasury security, with any necessary supporting documents, which it is alleged was improperly paid or was reissued, transferred or redeemed on a forged or defective request, endorsement, or assignment.

(e) Fees may be waived for other classes of requested records upon a finding by the Commissioner of the Public Debt that the person requesting the information is entitled to the record requested without charge.

PART 328—RESTRICTIVE ENDORSEMENTS OF U.S. BEARER SECURITIES

Sec.
328.1 Scope of regulations.
328.2 Definitions.
328.3 Authorization for restrictive endorsements.
328.4 Effect of restrictive endorsements.
328.5 Forms of endorsement.
328.6 Requirements for endorsement.
328.7 Shipment of securities.
328.8 Loss, theft, or destruction of securities bearing restrictive endorsements.
328.9 Miscellaneous.

Authority: R.S. 3706; 40 Stat. 288, 502, 1309; 46 Stat. 20; 48 Stat. 343; 49 Stat. 20; 56 Stat. 189; 73 Stat. 622; 85 Stat. 5, 74 (31 U.S.C. 738a, 739, 752, 752a, 753, 754, 754a and 754b); and 5 U.S.C. 301.

Source: 38 FR 10682, Apr. 30, 1973, unless otherwise noted.

§ 328.1 Scope of regulations.

The regulations in this part are applicable only to U.S. bearer securities[1] presented:

(a) By or through banks for payment at or after their maturity or call date, or in exchange for any securities under any exchange offering, (b) by banks for conversion to book-entry securities, (c) by or through banks at any time prior to their maturity or call date for redemption at par and application of the entire proceeds in payment of Federal estate taxes, provided said securities by the terms of their issue are eligible for such redemption, and (d) by Service Center Directors and District Directors, Internal Revenue Service, for redemption, with the proceeds to be applied in payment of taxes (other than securities presented under paragraph (c) of this section). These regulations do not apply to bearer securities presented for any other transactions, or to registered securities assigned in blank, or to bearer, or so assigned as to become, in effect, payable to bearer.

§ 328.2 Definitions.

Certain words and terms, as used in these regulations, are defined as follows:

(a) "Banks" refer to, and include, incorporated banks (i.e., banks doing a general commercial banking business), incorporated trust companies (i.e., trust companies doing either a general banking business or a general trust business), and savings and loan associations, building and loan associations, and such other financial institutions as may be designated by the Federal Reserve banks. This definition is limited to institutions incorporated within the United States, its territories and possessions, the Commonwealth of Puerto Rico and the Canal Zone.

(b) "Bearer securities" or "securities" are those which are payable on their face to "bearer," the ownership of which is not recorded. They include "Treasury bonds," "Treasury notes," "Treasury certificates of indebtedness," and "Treasury bills."

§ 328.3 Authorization for restrictive endorsements.

(a) *By banks.* Banks are authorized, under the conditions and in the form hereinafter provided, to place restrictive endorsements upon the face of bearer securities owned by themselves or their customers for the purpose of presentation to Federal Reserve banks or branches, or to the Bureau of the Public Debt, as follows:

(1) For payment or redemption—at any time within 1 calendar month prior to their maturity date, or the date on which they become payable pursuant to a call for redemption, or

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[1] Certain agencies of the United States and certain Government and Government-sponsored corporations also authorize the restrictive endorsement of bearer securities.

at any time after their maturity or call date;

(2) For exchange—during any period for their presentation pursuant to an exchange offering;

(3) For redemption at par in payment of Federal estate taxes (only eligible securities)—at any time prior to their maturity or call redemption date; and

(4) For conversion to book-entry securities under Subpart O of Part 306 of this chapter—at any time prior to their maturity or call redemption date.

(b) *By Service Center Directors and District Directors, Internal Revenue Service.* Service Center Directors and District Directors, Internal Revenue Service, are authorized, under the conditions and in the form hereinafter provided, to place restrictive endorsements upon the face of bearer securities for the purpose of presentation to Federal Reserve banks or branches, or to the Bureau of the Public Debt, for redemption and application of the proceeds in payment of taxes (other than securities presented for redemption at par and application of the proceeds in payment of Federal estate taxes).

(c) *Instructions from Federal Reserve banks.* Federal Reserve banks will inform eligible banks and Service Center Directors and District Directors, Internal Revenue Service, in their respective districts as to the procedure to be followed under the authority granted by these regulations. Restrictive endorsements shall not be placed on securities until such information is received from the Federal Reserve banks.

§ 328.4 Effect of restrictive endorsements.

Bearer securities bearing restrictive endorsements as herein provided will thereafter be nonnegotiable and payment, redemption, or exchange will be made only as provided in such endorsements.

§ 328.5 Forms of endorsement.

(a) *When presented by banks*—(1) *For payment or exchange.* The endorsement placed on a bearer security presented for payment or exchange by a bank should be in the following form:

For presentation to the Federal Reserve Bank of ————————, Fiscal Agent of the United States, for redemption or in exchange for securities of a new issue, in accordance with written instructions submitted by ————————. (Insert name of presenting bank)

(2) *For redemption at par.* The endorsement placed on a bearer security presented for redemption at par in payment of Federal estate taxes should be in the following form:

For presentation to the Federal Reserve Bank of ————————, Fiscal Agent of the United States, for redemption at par in payment of Federal estate taxes, in accordance with written instructions submitted by ————————. (Insert name of presenting bank)

(b) *For conversion to book-entry securities.* The endorsement placed on a bearer security presented for conversion to a book-entry security shall be in the following form:

For presentation to the Federal Reserve Bank of ————————, Fiscal Agent of the United States, for conversion to book-entry securities by ————————. (Insert name of presenting bank)

(c) *When presented by Service Center Directors or District Directors, Internal Revenue Service.* The endorsement placed on a bearer security by a Service Center Director or a District Director, Internal Revenue Service, should be in the following form:

For presentation to the Federal Reserve Bank of ————————, Fiscal Agent of the United States, for redemption, the proceeds to be credited to the account of the Service Center Director, Internal Revenue Service, at ————, for credit on the Federal ———————— (Income, gifts, or other) taxes due from ————————. (Name and address)

§ 328.6 Requirements for endorsement.

(a) *On bearer securities.* The endorsement must be imprinted in the lefthand portion of the face of each security with the first line thereof parallel to the left edge of the security and in such manner as to be clearly legible and in such position that it will not obscure the serial number, series designation, or other identifying data, and cover the smallest possible portion of the text on the face of the security. The dimensions of the endorsement should be approximately 4 inches in width and 1½ inches in height, and must be imprinted by stamp or plate of such character as will render the endorsement substantially ineradicable. The name of the Federal Reserve bank of the district must appear on the plate or stamp used for the imprinting of the endorsement, and presentation to the appropriate branch of the Federal Reserve bank named will be considered as presentation to the bank. When securities are to be presented to the Bureau of the Public Debt, the words "United States Treasury" should be used in lieu of the words "Federal Reserve Bank of ————————, Fiscal Agent of the United States." No subsequent endorsement will be recognized. If the form of endorsement on a security is different than that prescribed in § 328.5, the provisions of §§ 328.7 and 328.8 shall not apply to the security.

(b) *On coupons.* Unmatured coupons attached to restrictively endorsed securities should be canceled by imprinting the prescribed endorsement in such manner that a substantial portion of the endorsement will appear on each such coupon. If any such coupons are missing, deduction of their face amount will be made in cases of redemption, and in cases of exchange, remittance equal to the face amount of the missing coupons must accompany the securities. All matured coupons, including coupons which will mature on or before the date of redemption or exchange (except as otherwise specifically provided in an announcement of an exchange offering), should be detached from securities upon which restrictive endorsements are to be imprinted.

§ 328.7 Shipment of securities.

Securities bearing restrictive endorsements may be shipped, at the risk and expense of the shipper, by registered mail, messenger, armored car service, or express to the Federal Reserve bank of the district in which the presenting bank, the Service Center Director, or the District Director, Internal Revenue Service, is located, or to the appropriate branch of such Federal Reserve bank, shipments to the Bureau of the Public Debt, Washington, D.C., should be made by messenger or armored car.

§ 328.8 Loss, theft or destruction of securities bearing restrictive endorsements.

(a) *General.* Relief will be provided on account of securities bearing restrictive endorsements proved to have been lost, stolen or destroyed, upon the owner's application, in the same manner as registered securities which have not been assigned. (See Subpart N of the current revision of Department Circular No. 300, the general regulations governing United States securities.) Except for bearer securities submitted for redemption at par in payment of Federal estate taxes, a bank will be considered the owner of securities handled on behalf of customers unless it otherwise requests. The application for relief (Form PD 2211) and instructions will be furnished by the Federal Reserve banks.

(b) *Bond of indemnity.* Where securities bearing restrictive endorsements shipped by a bank have been lost, stolen, or destroyed, a bond of indemnity with surety satisfactory to the Secretary of the Treasury will be required from the owner. If such bond is executed by a bank or other corporation, the execution must be authorized by general or special resolution of the board of directors, or other body exercising similar functions under its bylaws. Ordinarily, no surety will be required on a bond executed by a presenting bank. The Secretary of the Treasury reserves the right, however, to require a surety in any case in which he considers such action necessary for the protection of the United States.

§ 328.9 Miscellaneous.

The provisions of this circular are subject to the current revision of Department Circular No. 300. The Secretary of the Treasury reserves the right at any time to amend, supplement, or withdraw any or all of the provisions of these regulations.

PART 330—REGULATIONS GOVERNING PAYMENT UNDER SPECIAL ENDORSEMENT OF UNITED STATES SAVINGS BONDS AND UNITED STATES SAVINGS NOTES (FREEDOM SHARES)

Sec.

330.0 Purpose.
330.1 Definition of terms.
330.2 Qualification for use of special endorsement.
330.3 Special endorsement of securities.
330.4 Guaranty given to the United States.
330.5 Evidence of owner's authorization to affix special endorsement.
330.6 Securities eligible for special endorsement.
330.7 Payment or redemption-exchange by agent.
330.8 Payment or redemption-exchange by Federal Reserve Bank.
330.9 Fiscal agents.
330.10 Modifications of other Circulars.
330.11 Supplements, amendments, or revisions.

AUTHORITY: Sec. 22, 49 Stat. 21, as amended; 31 U.S.C. 757c.

SOURCE: Department of the Treasury Circular No. 888, Fourth Revision, 45 FR 44600, July 1, 1980, unless otherwise noted.

§ 330.0 Purpose.

The regulations in this part establish a procedure under which qualified paying agents may specially endorse United States Savings Bonds of certain series and United States Savings Notes (Freedom Shares), and either redeem the securities so endorsed, or forward them to a Federal Reserve Bank for redemption, with or without the owner's signature to the requests for payment.

§ 330.1 Definition of terms.

As used in this Circular:

(a) "Federal Reserve Bank" or "Bank" refers to the Federal Reserve Bank of the district in which a paying agent is located, and includes the Branch(es) of the Bank, where appropriate.

(b) "Owner(s)" means the person named as registered owner or coowner on a bond or note and applies generally to individuals. For the purposes of special endorsement, but not payment, by a qualified agent, it may also include fiduciaries, corporations, partnerships, associations, and other entities named on a security, where such registration is authorized.

(c) "Paying agent(s)" or "agent(s)" refers to an eligible financial institution qualified under the provisions of this Circular to specially endorse securities and qualified under the provisions of Department of the Treasury Circular No. 750, current revision, to redeem eligible savings bonds and notes. The term includes branches of a qualified agent that redeem bonds and notes and account directly to a Federal Reserve Bank.

(d) "Redemption" and "payment" are used interchangeably for payment of a bond or note in accordance with the terms of its offering and the regulations governing it, and include "redemption-exchange".

(e) "Redemption-exchange" means any authorized redemption of eligible securities for the purpose of applying the proceeds in payment for other securities offered in exchange by the Treasury.

(f) "Savings bond(s)" or "bond(s)" means a United States Savings Bond of Series A, B, C, D, E, or EE.

(g) "Savings note(s)" or "note(s)" means a United States Savings Note (Freedom Share).

(h) "Security" or "securities" means a savings bond or note as defined in paragraphs (f) and (g) of this section.

(i) "Special endorsement" means a procedure under which a security is redeemed by an agent, qualified under the provisions of this Circular, for cash or on redemption-exchange utilizing a special stamp placed on the security in lieu of a request for payment signed by the owner or coowner.

§ 330.2 Qualification for use of special endorsement.

(a) *Application for authority.* Any financial institution qualified as a paying agent of savings bonds and notes under the provisions of Department of the Treasury Circular No. 750, current revision, may establish its eligibility to employ the special endorsement procedure by executing and submitting the appropriate application-agreement form to the Federal Reserve Bank. In executing the form, the agent certifies that, by duly executed resolution of its governing board or committee, it has been authorized to apply for the privilege of paying and processing securities in accordance with the provisions and conditions of Circular No. 888, including all supplements, amendments, and revisions, and any related instructions. If the application is approved, the Federal Reserve Bank will issue a certificate of qualification.

(b) *Agents previously qualified.* Institutions qualified under previous revisions of this Circular are authorized to continue to act without requalification. By so acting, they shall be subject to the terms and conditions of the previously executed application and these regulations in the same manner and to the same extent as though they had requalified hereunder.

(c) *Termination of qualification.* The Secretary of the Treasury reserves the right to withdraw the special endorsement authority from any institution at any time. Such authority will also be terminated at any time at the request of the institution. In either event, formal notice of the termination shall be given to the agent in writing by the Federal Reserve Bank.

§ 330.3 Special endorsement of securities.

(a) *Form of endorsement.* Each security processed under the provisions of this circular shall bear the following endorsement:

> Request by owner and validity of transaction guaranteed in accordance with T.D. Circular No. 888, as revised.
>
> (Name, location, and paying agent code number assigned by Federal Reserve Bank)

This endorsement must be legibly impressed in black or other dark-colored ink on the back of the security in the space provided for the owner to request payment.

(b) *Endorsement stamps.* Endorsement stamps may be obtained from the Federal Reserve Bank or, with its approval, purchased by the agent. Requests for stamps to be furnished or approved by the Bank must be made in writing by an officer of the institution. Stamps procured by an agent may not exceed a space bounded by 1¾ inches vertically and 3 inches horizontally. They must follow exactly the wording prescribed. They may also include space for the transaction date and the initials or signature of the officer or employee authorized to approve the transaction.

(c) *Coownership securities.* In the case of securities registered in coownership form, the agent shall indicate which coowner requested payment or exchange by encircling in black or other dark-colored ink the name of the coowner (or both coowners, if the request is joint) in the inscription on the face of the security.

(d) *Restrictions.* Under no circumstances shall the special endorsement procedure be used to give effect to a transfer, hypothecation or pledge of a security, or to permit payment to any person other than the owner or coowner. Violation of these provisions will be cause for withdrawal of an agent's authority to process securities under the special endorsement procedure, and may involve additional penalties if the circumstances warrant such action.

§ 330.4 Guaranty given to the United States.

By the act of paying or presenting to a Federal Reserve Bank for payment or exchange a security on which it has affixed the special endorsement, a paying agent shall be deemed to have:

(a) Unconditionally guaranteed to the United States the validity of the transaction, including the identification of the owner and the disposition of the proceeds or the new bonds, as the case may be, in accordance with the presenter's instructions; (b) assumed complete and unconditional liability to the United States for any loss which may be incurred by the United States as a result of the transaction; and (c) unconditionally agreed to make prompt reimbursement for the amount of any loss, upon request of the Department of the Treasury.

§ 330.5 Evidence of owner's authorization to affix special endorsement.

(a) *Form of authorization.* The Treasury does not prescribe the form or type of instructions an agent must obtain from each owner in order to use the special endorsement procedure. In the case of a redemption-exchange, the owner or coowner authorized to request the exchange (as specified in Circular No. 750, § 321.8(b)), must sign the exchange subscription even though the securities are specially endorsed.

(b) *Securities in coownership or beneficiary form.* Securities registered in coownership or beneficiary form should be accepted for special endorsement only for immediate payment or exchange. Acceptance of bonds and notes for processing at some future date should be avoided as authority to utilize endorsement generally expires upon the death of the owner or coowner on whose behalf securities were to be paid.

(c) *Record of authorization.* Agents should maintain such records as may be necessary to establish the receipt of, and compliance with, instructions supporting the special endorsement. If the agent elects to make notations on the back of the securities to serve as a record, the Bureau of the Public Debt will undertake to produce on request, a photocopy of such security at any time up to 10 years after the redemption date. However, the Bureau does not assume responsibility for the adequacy of such notations, for the legibility of any photocopy, or for failure to produce a photocopy from its records.

§ 330.6 Securities eligible for special endorsement.

(a) *General authority.* A qualified agent is authorized to affix the special endorsement to: (1) Savings bonds of Series A, B, C, D, E, and EE and savings notes to be redeemed for cash, and (2) eligible savings bonds of Series E and EE and savings notes to be redeemed in exchange for Series HH bonds under the provisions of Circular No. 2-80.

(b) *Securities which may not be specially endorsed.* The special endorsement procedure may not be used in any case in which payment or exchange:

(1) Is requested by a parent on behalf of a minor child named on the security, or by a surviving beneficiary; or (2) requires documentary evidence, under regulations contained in Circulars Nos. 530 and 3-80.

(c) *Securities owned by nonresident aliens.* As securities owned by a nonresident alien individual, or a nonresident foreign corporation, partnership, or association may be subject to the nonresident alien withholding tax, bonds and notes held or received by an agent for the account of such owners must be forwarded to the Federal Reserve Bank for redemption, even though the agent may specially endorse the securities.

§ 330.7 Payment or redemption-exchange by agent.

Specially endorsed securities may be paid in cash or redeemed in exchange for Series HH bonds pursuant to the authority and subject, in all other respects, to the provisions of Circular No. 750, current revision, its Appendix, and any other instructions issued under its authority. Each specially endorsed bond or note paid by an agent must have the agent's payment stamp imprinted on its face and show the date and amount paid. Securities so paid should be combined with other securities paid under that Circular and forwarded to the Federal Reserve Bank for settlement. Securities redeemed on exchange must be accompanied by an exchange subscription and a remittance covering the issue price of the Series HH bonds.

§ 330.8 Payment or redemption-exchange by Federal Reserve Bank.

Specially endorsed securities which an agent is not authorized to redeem for cash or on exchange should be forwarded to the Federal Reserve Bank. The transmittals must be accompanied by appropriate instructions governing the transaction and the disposition of the redemption checks or new bonds, as the case may be. The securities must be kept separate from others the agent has paid and must be submitted in accordance with instructions issued by the Bank.

§ 330.9 Fiscal agents.

The Federal Reserve Banks, as fiscal agents of the United States, are authorized to perform such services as may be requested by the Secretary of the Treasury or by his delegate, the Commissioner of the Public Debt, in connection with this Circular.

§ 330.10 Modifications of other Circulars.

The provisions of this Circular shall be considered as amending and supplementing: Department of the Treasury Circulars Nos. 530, 653, and 750, and Department of the Treasury Circulars, Public Debt Series Nos. 1-80, 2-80, 3-80, and 3-67, and any revisions thereof, and those Circulars are hereby modified to the extent necessary to accord with the provisions of this Circular.

§ 330.11 Supplements, amendments, or revisions.

The Secretary of the Treasury may, at any time, or from time to time, revise, supplement, amend or withdraw, in whole or in part, the provisions of this Circular.

PART 332—OFFERING OF U.S. SAVINGS BONDS, SERIES H

Sec.

332.1 Offering of bonds.
332.2 Description of bonds.
332.3 Governing regulations.
332.4 Registration.
332.5 Limitation on holdings.
332.6 Purchase of bonds.
332.7 Delivery of bonds.
332.8 Extended terms and improved yields for outstanding bonds.
332.9 Taxation.
332.10 Payment or redemption.
332.11 Reservation as to issue of bonds.
332.12 Preservation of rights.
332.13 Fiscal agents.
332.14 Reservations as to terms of offer.

AUTHORITY: Sec. 22, Second Liberty Bond Act as amended, 49 Stat. 21, as amended, (31 U.S.C. 757c) and (5 U.S.C. 301)

SOURCE: 45 FR 4230, Jan. 21, 1980, unless otherwise noted.

§ 332.1 Offering of bonds.

The Secretary of the Treasury hereby offers for sale to the people of the United States, United States Savings Bonds of Series H, hereinafter generally referred to as "Series H bonds" or "bonds". This offer, effective as of June 1, 1979, will terminate on December 31, 1979.

§ 332.2 Description of bonds.

(a) *General.* Series H bonds bear a facsimile of the signature of the Secretary of the Treasury and of the Seal of the Department of the Treasury. They are issued only in registered form and are nontransferable.

(b) *Denominations and prices.* Series H bonds are issued at face (par) amount and are available in denominations of $500, $1,000, $5,000 and $10,000.

(c) *Inscription and issue.* At the time of issue the issuing agent will: (1) Inscribe on the face of each bond the name, social security number and address of the owner, and the name of the beneficiary, if any, or the name, social security number and address of the first-named coowner and the name of the other coowner; (2) enter in the upper right-hand portion of the bond the issue date; and (3) imprint the agent's dating stamp in the lower right-hand portion to show the date the bond is actually inscribed. A bond shall be valid only if an authorized issuing agent receives payment therefor and duly inscribes, dates and stamps it.

(d) *Term.* A Series H bond shall be dated as of the first day of the month in which payment therefor is received by an agent authorized to issue the bond. This date is the issue date and the bond will mature and be payable 10 years thereafter. The bond may not be called for redemption by the Secretary of the Treasury prior to maturity or the end of any extended maturity period (see § 332.8(a)(1)). The bond may be redeemed at par after six months from issue date.

(e) *Investment yield (interest).* The interest on a Series H bond is paid semiannually to the registered owner or coowners by check, beginning six months from the issue date. The investment yield varies depending on the age of the bond (see § 332.8). Interest ceases at the end of the final authorized extended maturity period unless the bond is redeemed earlier. If a bond is redeemed before maturity on its interest payment date, interest ceases on that date. However, no interest is paid on a bond for the period it is held between interest payment dates.

[45 FR 4230, Jan. 21, 1980, as amended at 51 FR 23753, July 1, 1986]

EFFECTIVE DATE NOTE: At 51 FR 23753, July 1, 1986, in § 332.2, paragraph (e) was revised, effective September 19, 1986. For the convenience of the user, the superseded text is set forth as follows:

§ 332.2 Description of bonds.

* * * * *

(e) *Investment yield (interest).* The interest on a Series H bond will be paid semiannually by check drawn to the order of the registered owner or coowners, beginning six months from the issue date. Interest payments will be on a graduated scale, fixed to produce an investment yield of approximately 6.5 percent per annum, compounded semiannually, if the bond is held to maturity, but the yield will be less if the bond is redeemed prior thereto. See Table 56. Interest will cease at the end of the final authorized extended maturity period, or if redeemed earlier, at the end of the interest period next preceding the date of redemption. However, if the date of redemption falls on an interest payment date, interest will cease on that date.

§ 332.3 Governing regulations.

Series H bonds are subject to the regulations of the Department of the Treasury, now or hereafter prescribed governing United States Savings Bonds [of Series A, B, C, D, E, F, G, H, J and K], contained in Department of the Treasury Circular No. 530, current revision (31 CFR Part 315),[1] except as otherwise specifically provided herein.

§ 332.4 Registration.

(a) *General.* Generally, only residents of the United States, its territories and possessions, the Commonwealth of Puerto Rico, and citizens of the United States temporarily residing abroad are eligible to be named as owners of Series H bonds. The bonds may be registered in the names of natural persons in their own right, as provided in paragraph (b) of this section, and in the names and titles or capacities of fiduciaries and organizations, as provided in paragraph (c) of this section. Full information regarding authorized forms of registration and restrictions with respect thereto are found in the governing regulations.

(b) *Natural persons in their own right.* The bonds may be registered in the names of natural persons (whether adults or minors) in their own right, in single ownership, coownership, and beneficiary forms.

(c) *Others.* The bonds may be registered in single ownership form in the names of fiduciaries and private and public organizations, as follows:

(1) *Fiduciaries.* In the names of and showing the titles or capacities of any persons or organizations, public or private, as fiduciaries (including trustees, legal guardians or similar representatives, and certain custodians), but not where the fiduciary would hold the bonds merely or principally as security for the performance of a duty, obligation or service.

(2) *Private and public organizations.* In the names of private or public organizations (including private corporations, partnerships, and unincorporated associations, and States, counties, public corporations, and other public bodies) in their own right, but not in the names of commercial banks.[2]

§ 332.5 Limitation on holdings.

The amount of Series H bonds originally issued during any one calendar year that may be held by any one person, at any one time, computed in accordance with the governing regulations, is limited as follows:

(a) *General limitation.* $10,000 (face amount) for the calendar year 1974 and each calendar year thereafter.

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[1] Copies may be obtained from any Federal Reserve Bank or Branch, from the Bureau of the Public Debt, Washington, DC 20226, or from the Bureau of the Public Debt, 200 Third Street, Parkersburg, West Virginia 26101.

[2] For this purpose, commercial banks (as defined in § 315.7, Department of the Treasury Circular No. 530, current revision) are those accepting demand deposits.

(b) *Special limitation for gifts to exempt organizations under 26 CFR 1.501(c)(3)-1.* $200,000 (face amount) for bonds received as gifts by an organization which at the time of purchase is an exempt organization under the terms of 26 CFR 1.501(c)(3)-1.

(c) *Exchange pursuant to Department of the Treasury Circular No. 1036, as amended.* Series H bonds issued in an exchange pursuant to the provisions of Department of the Treasury Circular No. 1036 (31 CFR Part 339) are exempt from the annual limitation.

§ 332.6 Purchase of bonds.

(a) *Issuing Agents.* Only the Federal Reserve Banks and Branches and the Department of the Treasury are authorized to act as issuing agents for the sale of Series H bonds. However, financial institutions may forward applications for purchase of the bonds. The date an issuing agent receives the application and payment will govern the issue date of the bond purchased.

(b) *Application for purchase and remittance.* The applicant for purchase of Series H bonds should furnish:

(1) Instructions for registration of the bonds to be issued, which must be in an authorized form; (2) the appropriate social security or employer identification number; (3) the post office address of the owner or first-named coowner; and (4) the address(es) for delivery of the bonds and for mailing checks in payment of interest, if other than that of the owner or first-named coowner. The application should be forwarded to a Federal Reserve Bank or Branch, or the Department of the Treasury, Washington, DC 20226, accompanied by a remittance to cover the purchase price. Any form of exchange, including personal checks, will be accepted subject to collection. Checks or other forms of exchange should be drawn to the order of the Federal Reserve Bank or the United States Treasury, as the case may be. Checks payable by endorsement are not acceptable. Any depositary qualified pursuant to Department of the Treasury Circular No. 92, current revision (31 CFR Part 203), will be permitted to make payment by credit for bonds applied for on behalf of its customers up to any amount for which it shall be qualified in excess of existing deposits when so notified by the Federal Reserve Bank of its district.

§ 332.7 Delivery of bonds.

Authorized issuing agents will deliver Series H bonds either over-the-counter in person, or by mail at the risk and expense of the United States, to the address given by the purchaser, but only within the United States, its territories and possessions, and the Commonwealth of Puerto Rico. No mail deliveries elsewhere will be made. If purchased by citizens of the United States temporarily residing abroad, the bonds will be delivered at such address in the United States as the purchaser directs.

§ 332.8 Extended terms and improved yields for outstanding bonds.

(a) *Extended maturity periods*—(1) *General.* The terms "extended maturity period" and "second extended maturity period", when used herein, refer to 10-year intervals after the original maturity dates during which owners may retain their bonds and continue to earn interest thereon. No special action is required of owners desiring to take advantage of any extensions heretofore or herein granted.[3]

(2) *Two extensions.* All Series H bonds may be retained for two extended maturity periods of 10 years each.

(b) *Improved yields[4]—outstanding bonds.* The investment yield on all outstanding Series H bonds is hereby increased as follows:

(1) *Bonds bearing issue dates of June 1, 1952, to April 1, 1971.* To a level of 7½ percent per annum, compounded semiannually, for the first semiannual interest period beginning on or after November 1, 1980, and to 8½ percent

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[3] The tables incorporated herein, arranged according to issue dates, show current schedules of interest payments and investment yields. [Editorial Note: At 47 FR 49271, Oct. 29, 1982, the tables of checks issued and investment yields were removed]

[4] See appendix for summary of investment yields to maturity, extended maturity and second extended maturity dates under regulations heretofore and herein prescribed.

per annum, compounded semiannually, for the ensuing period to their next maturity dates.

(2) *Bonds bearing issue dates of May 1, 1971, to October 1, 1971.* By approximately 1 percent per annum, compounded semiannually, for the last semiannual interest period of their original maturity period and to 8½ percent per annum, compounded semiannually, during their first extended maturity period.

(3) *Bonds bearing issue dates of November 1, 1971, to December 1, 1979.* By approximately 1 percent per annum, compounded semiannually, for the remaining period to maturity, starting with the first semiannual interest period beginning on or after November 1, 1980, and by an additional 1 percent per annum, compounded semiannually, for the remaining period to maturity, starting with the first semiannual interest period beginning on or after May 1, 1981.

(4) *Other extensions.* The investment yield for any authorized extensions beginning on or after November 1, 1982, will be at the rate of 7.5 percent per annum, compounded semiannually, unless such rate is changed prior to the commencement of such period.

(c) *Tables of interest payments and investment yields.* Tables of interest payments and investment yields will be available from the Bureau of the Public Debt and Federal Reserve Banks and Branches.

[45 FR 4230, Jan. 21, 1980, as amended at 46 FR 54074, Oct. 30, 1981; 47 FR 49271, Oct. 29, 1982]

§ 332.9 Taxation.

The income derived from Series H bonds is subject to all taxes imposed under the Internal Revenue Code of 1954. The bonds are subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

§ 332.10 Payment or redemption.

A Series H bond may be redeemed at par at any time after six months from the issue date. The bond must be presented and surrendered, with a duly executed request for payment to a Federal Reserve Bank or Branch, or the Bureau of the Public Debt, Parkersburg, WV, 26106-1328. In any case where bonds are surrendered for redemption in the month prior to an interest date, redemption will not be deferred but will be made in regular course, unless the presenter specifically requests that the transaction be delayed until that date. A request to defer redemption made more than one month preceding the interest payment date will not be accepted.

[51 FR 23753, July 1, 1986]

Effective Date Note: At 51 FR 23753, July 1, 1986, § 332.10 was revised, effective September 19, 1986. For the convenience of the user, the superseded text is set forth as follows:

§ 332.10 **Payment or redemption.**

A Series H bond may be redeemed at par at any time after six months from the issue date. The bond must be presented and surrendered, with a duly executed request for payment, to:

(a) A Federal Reserve Bank or Branch, (b) the Department of the Treasury, Washington, DC 20226, or (c) the Bureau of the Public Debt, Parkersburg, West Virginia 26101. A bond received by an agent during the calendar month preceding an interest payment date may not be redeemed until that date.

§ 332.11 Reservation as to issue of bonds.

The Secretary of the Treasury reserves the right to reject any application for Series H bonds, in whole or in part, and to refuse to issue or permit to be issued hereunder any such bonds in any case or any class or classes of cases if he deems such action to be in the public interest, and his action in any such respect shall be final.

§ 332.12 Preservation of rights.

Nothing contained herein shall limit or restrict rights which owners of Series H bonds heretofore issued have acquired under offers previously in force.

§ 332.13 Fiscal agents.

Federal Reserve Banks and Branches, as fiscal agents of the United States, are authorized to perform such services as may be requested of them by the Secretary of the Treasury in connection with the issue, delivery, redemption, and payment of Series H bonds.

§ 332.14 Reservations as to terms of offer.

The Secretary of the Treasury may at any time or from time to time supplement or amend the terms of this offering of bonds, or of any amendments or supplements thereto.

PART 337—SUPPLEMENTAL REGULATIONS GOVERNING FEDERAL HOUSING ADMINISTRATION DEBENTURES

Sec.

337.0 Scope of regulations.
337.1 Transportation charges and risks.
337.2 Termination of transfers and denominational exchange transactions.
337.3 Presentation and surrender.
337.4 Assignments of matured or called debentures or debentures submitted for purchase.
337.5 Payment of final interest
337.6 Address for further information.
337.7 General provisions.

AUTHORITY: 80 Stat. 379; sec. 303, 59 Stat. 601, as amended; 5 U.S.C. 301; 31 U.S.C. 368.

SOURCE: 1954 Department Circular 941, 19 FR 1952, Apr. 7, 1954, unless otherwise noted.

§ 337.0 Scope of regulations.

The United States Treasury Department is the agent of the Federal Housing Administration for transactions in any debentures which have been or may be issued pursuant to the authority conferred by the National Housing Act (48 Stat. 1246), as amended; (12 U.S.C. 1701 et seq.), as amended from time to time, including Mutual Mortgage Insurance Fund Debentures, Housing Insurance Fund Debentures, War Housing Insurance Fund Debentures, Military Housing Insurance Fund Debentures, and National Defense Housing Insurance Fund Debentures. In accordance with the regulations adopted by the Federal Housing Commissioner and approved by the Secretary of the Treasury, such transactions are governed by the general regulations of the Treasury Department governing United States bonds and notes (Part 306 of this subchapter) so far as applicable. The following rules and regulations are prescribed to supplement such general regulations.

§ 337.1 Transportation charges and risks.

Debentures presented for redemption at call or maturity, or for authorized prior purchase, must be delivered to a Federal Reserve Bank or Branch or to the Bureau of the Public Debt, Division of Securities Operations, Washington, DC 20226, at the expense and risk of the holder. Debentures bearing restricted assignments may be forwarded by registered mail, but for the owner's protection debentures bearing unrestricted assignment should be forwarded by registered mail insured or by express prepaid.

§ 337.2 Termination of transfers and denominational exchange transactions.

Debentures, which by their terms are subject to call, may be called for redemption, in whole or in part, at par and accrued interest, on any interest date on three months' notice. No transfers or denominational exchanges in debentures covered by a given call will be made on the books of the Treasury Department on or after the announcement of such call. However, this does not affect the right of a holder of such debenture to sell and assign it on or after the announcement of the call date.

§ 337.3 Presentation and surrender.

(a) *For redemption.* To facilitate the redemption of called or maturing debentures, they may be presented and surrendered in the manner prescribed in this section, in advance (but not more than one month in advance) of the call or maturity date, as the case may be. Early presentation by holders will insure prompt payment of principal and interest when due. The debentures must first be assigned by the registered payee or his assignee, or by his duly constituted representative, in the form and manner indicated in § 337.4 and should then be submitted to any Federal Reserve Bank or to the Bureau of the Public Debt, Division of Securities Operations, Washington, DC 20226, accompanied by appropriate written advice. A form for this purpose will be printed on the reverse of the notice of call.

(b) *For purchase.* Debentures, the purchase of which has been authorized prior to call or maturity, may be assigned and immediately submitted as instructed in paragraph (a) of this section, accompanied by written instructions.

§ 337.4 Assignments of matured or called debentures or debentures submitted for purchase.

(a) If the registered payee, or an assignee holding under proper assignment from the registered payee, desires that payment be made to himself the debentures should be assigned by such payee or assignee, or on his behalf by a duly constituted representative, to "The Federal Housing Commissioner for redemption" or to "The Federal Housing Commissioner for purchase," according to whether the debentures are to be presented for redemption upon call, or at maturity, or for purchase prior to call if purchase is offered. If the owner desires for any reason that payment be made to another, without intermediate assignment, the debentures should be assigned to "The Federal Housing Commissioner for redemption (or, purchase) for the amount of ———————," inserting the name and address of the person to whom payment is to be made

(b) An assignment in blank or other assignment having similar effect will be recognized, but in that event the debenture would be, in effect, payable to bearer, and payment will be made in accordance with the instructions received from the person surrendering the debenture for redemption or purchase. For the owner's protection, such assignments should be avoided unless the owner is willing to lose the protection afforded by registration.

(c) Upon call or at maturity a debenture registered in the name of or resigned to a corporation or unincorporated association will be paid on or after the call or maturity date, upon appropriate assignment for that purpose executed on such organization's behalf by a duly authorized officer thereof. An assignment so executed and duly witnessed in accordance with Treasury Department general bond regulations will ordinarily be accepted without proof of the officer's authority. In such cases payment will be made only by check drawn to the order of the corporation or unincorporated association. If debentures registered in the name of or assigned to a corporation or unincorporated association are presented upon call or at maturity and payment is to be made to some other person, or are presented for purchase prior to the call date if authorized, proof of the authority of the officer assigning on behalf of such organization will be required in accordance with the general regulations.

(d) All assignments must be made on the debentures themselves unless otherwise authorized by the Treasury Department.

§ 337.5 Payment of final interest.

Final interest on any debenture, whether purchased prior to or redeemed on or after the call or the maturity date, will be paid with the principal in accordance with the assignments on the debentures surrendered. In all cases the check in payment of principal and final interest will be mailed to the address given in the Form of Advice accompanying the debentures surrendered.

§ 337.6 Address for further information.

Any further information which may be desired regarding the redemption of called or matured debentures, or purchase if authorized, may be obtained from any Federal Reserve Bank or Branch or from the Bureau of the Public Debt, Division of Securities Operations, Washington, DC 20226.

§ 337.7 General provisions.

As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to perform any necessary acts under this circular. The Secretary of the Treasury may at any time or from time to time prescribe supplemental and amendatory regulations governing the matters covered by this part, which shall be communicated promptly to the registered owners of the debentures.

PART 339—EXCHANGE OFFERING OF UNITED STATES SAVINGS BONDS, SERIES H

Sec.
339.0 Offering of Series H bonds in exchange for Series E bonds and savings notes.
339.1 Definitions of words and terms as used in this circular.
339.2 Denominations.
339.3 Exchanges with privilege of deferring reporting of interest for Federal income tax purposes.
339.4 Exchanges without tax deferral.
339.5 Governing regulations.
339.6 Fiscal agents.
339.7 Preservation of rights.
339.8 Reservation as to terms of offer.

AUTHORITY: Secs. 18, 20, and 22 of the Second Liberty Bond Act, as amended (40 Stat. 1309, 48 Stat. 343, 49 Stat. 21, 73 Stat. 621, all as amended; 31 U.S.C. 753, 754b, 757c), and 5 U.S.C 301.

SOURCE: 36 FR 23856, Dec. 15, 1971, unless otherwise noted.

§ 339.0 Offering of Series H bonds in exchange for Series E bonds and savings notes.

The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, hereby offers to the people of the United States, U.S. Savings Bonds of Series H in exchange for outstanding U.S. Savings Bonds of Series E and U.S. Savings Notes (freedom shares) without regard to the annual limitation on holdings for the Series H bonds. The Series H bonds offered hereunder are those described in Department Circular No. 905, current revision, except as otherwise specifically provided herein. This offering will continue until terminated by the Secretary of the Treasury.

EDITORIAL NOTE: The sale of U.S. Savings Bonds, Series H, was terminated at the close of business Dec. 31, 1979. See 44 FR 77158, Dec. 31, 1979.

§ 339.1 Definitions of words and terms as used in this circular.

Unless the context otherwise requires or indicates:

(a) "Securities" mean outstanding U.S. Savings Bonds of Series E and U.S. Savings Notes (freedom shares).

(b) "Owner" means an owner of securities, except a commercial bank in its own right (as distinguished from a representative or fiduciary capacity) and a nonresident alien who is a resident of an area with respect to which the Treasury Department restricts or regulates delivery of checks drawn against funds of the United States or any agency or instrumentality thereof. The term includes a registered owner, whether or not a natural person, either coowner (but only the "principal coowner" if Series H bonds are requested in a form of registration different from that on the securities submitted), a surviving beneficiary, or any other person who would be entitled to reissue under the regulation governing U.S. Savings Bonds,[1] such as, but not limited to, any person entitled to succeed to the estate of a deceased owner.

(c) "Commercial bank" means a bank accepting demand deposits.

(d) "Interest" means the increment in value on Series E savings bonds and on savings notes.

(e) "Principal coowner" means a coowner who purchased the securities submitted for exchange with his own funds or received them as a gift, legacy or inheritance or as a result of judicial proceedings and had them reissued in coownership form, provided he has received no contribution in money or money's worth from the other coowner for designating him on the securities.

§ 339.2 Denominations.

Series H bonds, available for use hereunder, are in denominations of $500, $1,000, $5,000 and $10,000.

§ 339.3 Exchanges with privilege of deferring reporting of interest for Federal income tax purposes.

(a) *Tax-deferred exchanges.* Pursuant to the provisions of section 1037(a) of the Internal Revenue Code of 1954, the Secretary of the Treasury hereby grants to owners who have not been reporting the interest on their securities on an accrual basis for Federal income tax purposes the privilege of exchanging such securities for Series H bonds and of continuing to defer reporting of the interest on the securities exchanged (except interest referred to in paragraph (b)(5) of this section) for Federal income tax purposes to the taxable year in which the Series H bonds received in exchange are disposed of, are redeemed, or have reached final maturity, whichever is earlier.[2]

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[1] Department Circular No. 530, current revision (31 CFR Part 315). Copies may be obtained from any Federal Reserve Bank or Branch or the Bureau of the Public Debt, Washington, DC 20220.

(b) *Rules governing the exchange.* (1) Exchange subscription Form PD 3253, completed and executed in accordance with the instructions thereon, the securities, any cash difference (see paragraph (b)(3) of this section), and any supporting evidence which may be required under the governing regulations[3] may be presented or forwarded to any authorized agency.[4]

(2) A Series H bond issued upon exchange will be registered in the name of the owner of the securities submitted in any authorized form of registration. However, the "principal coowner" must be named as owner or coowner.

(3) The total current redemption value of the securities submitted for exchange in any one transaction must amount to $500 or more. If the total current redemption value is in an even multiple of $500, Series H bonds must be requested in that exact amount. If the total current redemption value exceeds $500, but is not in an even multiple of $500, the owner has the option of furnishing cash necessary to obtain Series H bonds of the next higher $500 multiple, or of receiving payment of the difference between the total current redemption value and the next lower multiple of $500. For example, under the rules prescribed in this circular, if the securities submitted for exchange in one transaction total $4,253.33 current redemption value, the owner may elect to:

(i) Receive $4,000 in Series H bonds and the amount of the difference, $253.33, or

(ii) Pay the difference, $246.67, necessary to obtain $4,500 in Series H bonds.[5]

(4) Any amount paid to the owner as a cash adjustment (as in paragraph (3)(i) of this section) must be treated as income for Federal income tax purposes for the year in which it is received up to an amount not in excess of the total interest on the securities exchanged.[6]

(5) Each Series H bond issued under this section will be stamped "EX" or "EXCH" to show that it was issued upon exchange. Each bond also will bear a legend showing how much of its issue price represents interest on the securities exchanged. This interest must be treated as income for Federal income tax purposes for the year in which the Series H bond is redeemed, is disposed of, or finally matures, whichever is earlier.

(6) The Series H bonds will be dated as of the first day of the month in which the securities, the exchange

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[2] The interest paid semiannually by check on all Series H bonds, whether issued in exchange under this or any other section, or otherwise, is subject to the Federal income tax for the taxable year in which it is received.

[3] For example, a beneficiary named on Series E bonds would have to submit proof of the death of the registered owner in order to exchange such bonds for Series H bonds.

[4] Agents authorized to pay Series E bonds and savings notes are authorized to accept and handle exchange subscriptions submitted by natural persons whose names are inscribed on the face of the bonds and notes as owners or coowners in their own right. However, as agents of subscribers they may forward any exchange subscription to a Federal Reserve Bank or Branch or the Bureau of the Public Debt, Washington, DC 20226, for acceptance and handling.

[5] If a paying agent accepts a subscription solely for the purpose of forwarding it, or if the owner forwards it direct, to a Federal Reserve Bank or Branch or to the Bureau of the Public Debt, the remittance for the difference, by check or other form of exchange (which will be accepted subject to collection), must be drawn to the order of the Federal Reserve Bank or the United States Treasury, as the case may be. The remittance must accompany the subscription and the securities to be exchanged.

[6] The amount, if any, paid to the owner in excess of the interest is a repayment on account of the purchase price of the securities exchanged, not income.

subscription, any necessary cash difference and supporting evidence, if any, are accepted for exchange by an authorized agency.

§ 339.4 Exchanges without tax deferral.

Exchanges by owners who: (a) Report the interest on all of their securities annually for Federal income tax purposes, or (b) who elect to report all such interest in the year of the exchange, or (c) who are tax-exempt under the provisions of the Internal Revenue Code of 1954 and the regulations issued thereunder, will be handled in the same manner and will be governed by the rules prescribed for exchanges under § 339.3. However, the Series H bonds will not bear the legend referred to in § 339.3(b)(5). Any part of the cash adjustment received which represents interest previously reported for Federal income tax purposes need not be accounted for. The Series H bonds may be registered in the name of the owner of the securities submitted in exchange in any authorized form of registration.

§ 339.5 Governing regulations.

All Series H bonds issued under this circular are subject to the regulations, now or hereafter prescribed, contained in Department Circular No. 530, current revision (Part 315 of this chapter).

§ 339.6 Fiscal agents.

Federal Reserve Banks and Branches, as fiscal agents of the United States, are authorized to perform such services as may be requested of them in connection with exchanges under these regulations.

§ 339.7 Preservation of rights.

The provisions of Treasury Department Circulars Nos. 530, 653, and 905, as currently revised, are hereby modified and amended to the extent that they are not in accordance with this circular. However, nothing contained herein shall limit or restrict rights which owners of Series H bonds received in earlier exchanges have heretofore acquired.

§ 339.8 Reservation as to terms of offer.

The Secretary of the Treasury reserves the right to reject any exchange subscription for Series H bonds, in whole or in part, and to refuse to issue or permit to be issued hereunder any such bonds in any case or any class or classes of cases if he deems such action to be in the public interest, and his action in any such respect shall be final.

The foregoing revision and amendment is made for the purpose of granting to owners of savings notes the same privilege afforded owners of Series E savings bonds for exchanging their securities for Series H bonds with or without tax deferral. As good cause exists for making this change, which involves public property and contracts relating to the fiscal and monetary affairs of the United States, I find that notice and public procedures are unnecessary. This action is effected under the provisions of sections 18, 20, and 22 of the Second Liberty Bond Act, as amended (40 Stat. 1309, 48 Stat. 343, 49 Stat. 21, 73 Stat. 621, all as amended; 31 U.S.C. 753, 754b, 757c), and 5 U.S.C. 301.

PART 340—REGULATIONS GOVERNING THE SALE OF TREASURY BONDS THROUGH COMPETITIVE BIDDING

Sec.

340.0 Authority for sale of Treasury bonds through competitive bidding.
340.1 Public notice—description of bonds—terms of offer.
340.2 Denominations and exchanges.
340.3 Taxation.
340.4 Acceptance as security for public deposits.
340.5 Notice of intent to bid.
340.6 Submission of bids.
340.7 Deposits—retention—return.
340.8 Acceptance of bids.
340.9 Bids—revocations—rejections—postponements—reoffers.
340.10 Payment for and delivery of bonds.
340.11 Failure to complete transaction.
340.12 Reservations as to terms of circular.

AUTHORITY: Sec. 8, 50 Stat. 481, as amended; R.S. 3706; secs. 1, 4, 18, 5, 40 Stat. 288, as amended, 290, as amended, 1309, as amended, 290, as amended; secs. 19, 20, 48 Stat. 343, as amended; 31 U.S.C. 738a, 739, 752, 752a, 753, 754, 754a, 754b.

SOURCE: 1962 Department Circular, Public Debt Series No. 22-62, 27 FR 12481, Dec. 18, 1962, unless otherwise noted.

§ 340.0 Authority for sale of Treasury bonds through competitive bidding

(a) The Secretary of the Treasury may, from time to time, by public notice, offer Treasury bonds for sale and invite bids therefor. The bonds so offered and the bids made will be subject to the terms and conditions and the rules and regulations herein set forth, except as they may be modified in the public notice or notices issued by the Secretary in connection with particular offerings.[1] The bonds will be subject also to the general rules and regulations of the Treasury Department, now or hereafter prescribed, governing United States securities. They will be issued pursuant to the authority of the Second Liberty Bond Act, as amended.

(b) The terms "public notice," "notices," or "announcement" as used in this part mean the "Public Notice of Invitation to Bid" on Treasury bonds and any supplementary or amendatory notices or announcements with respect thereto, including, but not limited to any statement released to the press by the Secretary of the Treasury and notices sent to those who have filed notices of intent to bid or who have filed bids.

§ 340.1 Public notice—description of bonds—terms of offer.

When bonds are offered for sale through competitive bidding, bids therefor will be invited through the form of a public notice or notices issued by the Secretary of the Treasury. The notice or notices will either fix the coupon rate of interest to be borne by the bonds or prescribe the conditions under which bidders may specify the rate and will set forth the terms and conditions of the bonds, including maturities, call features, if any, and the terms and conditions of the offer, including the amount of the issue for which bids are invited, the date and closing hour for receipt of bids, and the date on which the bonds will be delivered and payment for any accepted bid must be completed. When so specified in the public notice, it shall be a condition of each bid that, if accepted by the Secretary of the Treasury, the bidder will make a bona fide reoffering to the investing public.

§ 340.2 Denominations and exchanges.

Bearer bonds with interest coupons attached, and bonds registered as to principal and interest, will be available in denominations of $500, $1,000, $5,000, $10,000, $100,000, and $1,000,000. Provisions will be made for the interchange of bonds of different denominations and of bearer and registered bonds, and for the transfer of registered bonds.

§ 340.3 Taxation.

The income derived from the bonds will be subject to all taxes imposed under the Internal Revenue Code of 1954. The bonds will be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but will be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

§ 340.4 Acceptance as security for public deposits.

The bonds will be acceptable to secure deposits of public moneys.

§ 340.5 Notice of intent to bid.

Any individual, or organization, syndicate, or other group which intends to submit a bid, must, when required by the public notice, give written notice of such intent on Form PD 3555 at the place and within the time specified in the public notice. The filing of such notice will not constitute a commitment to bid.

§ 340.6 Submission of bids.

(a) *General.* Bids will be received only at the place specified and not later than the time designated in the public notice. Each bid must be submitted on the official form referred to in the public notice and should be enclosed and sealed in the special envelope provided by the Treasury Department. Forms and envelopes may be obtained from any Federal Reserve Bank or Branch or the Bureau of the Public Debt, Treasury Department, Washington, DC 20220. Bids shall be irrevocable.

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[1] These regulations do not apply to Treasury bills, which are governed by Department Circular No. 418, Revised, and do not constitute a specific offering of bonds.

(b) *Bidding.* Bids, except noncompetitive bids when authorized, must be expressed as a percentage of the principal amount in not to exceed five decimals, e.g., 100.01038 percent. Provisions relating to the coupon rate of interest on the bonds, if not set forth in the public notice, will be made in a supplemental announcement. The public notice will indicate the timing of any such announcement. If the bidders are required to specify the coupon rate, each bidder shall specify a single coupon rate of interest, which shall be a multiple of ⅛ of 1 percent but not in excess of 4¼ percent. The Secretary of the Treasury may limit the premium above or the discount below par.

(c) *Group bids.* A syndicate or other group submitting a bid must act through a representative who must be a member of the group. The representative must warrant to the Secretary of the Treasury that he has all necessary power and authority to act for each member and to bind the members jointly and severally. In addition to whatever other data may be required by the Secretary of the Treasury, in the case of a syndicate, the representative must file, within one hour after the time for opening of bids, at the place specified in the public notice for receipt of bids a final statement of the composition of the syndicate membership and the amount of each member's underwriting participation.

§ 340.7 Deposits—retention—return.

Each bid must be accompanied by a deposit in the amount specified in the public notice. The deposit of any successful bidder will be retained as security for the performance of his obligation and will be applied toward payment of the bonds. All other deposits will be returned immediately. No interest will be allowed on account of any deposits.

§ 340.8 Acceptance of bids.

(a) *Opening of bids.* Bids will be opened at the time and place specified in the public notice.

(b) *Method of determining accepted bids.* The lowest basis cost of money[2] computed from the date of the bonds to the date of maturity will be used in determining successful bids.

(c) *Acceptance of successful bid.* The Secretary of the Treasury, or his representative, will notify any successful bidder of acceptance in the manner and form specified in the public notice.

§ 340.9 Bids—revocations—rejections—postponements—reoffers.

The Secretary of the Treasury, in his discretion, may (a) revoke the public notice of invitation to bid at any time before opening bids, (b) return all bids unopened either at or prior to the time specified for their opening, (c) reject any or all bids, (d) postpone the time for presentation and opening of bids, and (e) waive any immaterial or obvious defect in any bid. Any action the Secretary of the Treasury may take in these respects shall be final. In the event of a postponement, known bidders will be advised thereof and their bids returned unopened.

§ 340.10 Payment for and delivery of bonds.

Payment for the bonds, including accrued interest, if any, must be made in immediately available funds on the date and at the place specified in the invitation. Delivery of bonds under this section will be made at the risk and expense of the United States at such place or places in the United States as may be provided in the invitation. Interim receipts, if necessary, will be issued pending delivery of the definitive bonds.

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[2] In cases where bidders are required to specify the coupon rate, the lowest basis cost of money will be determined by reference to a specially prepared table of bond yields, a copy of which will be made available to all prospective bidders upon written request to the Federal Reserve Bank of New York, or the Bureau of the Public Debt, Treasury Department, Washington, DC 20220. Straightline interpolation will be applied if necessary.

§ 340.11 Failure to complete transaction.

If any successful bidder shall fail to pay in full for the bonds on the date and at the place specified in the invitation, the money deposited by or in behalf of such bidder shall be forfeited to the Treasury Department.

§ 340.12 Reservations as to terms of circular.

The Secretary of the Treasury reserves the right, at any time, or from time to time, to amend, repeal, supplement, revise or withdraw all or any of the provisions of this part.

PART 341—REGULATIONS GOVERNING UNITED STATES RETIREMENT PLAN BONDS

Sec.

341.0 Offering of bonds.
341.1 Description of bonds.
341.2 Registration.
341.3 Purchase of bonds.
341.4 Proof of purchase.
341.5 Limitation on holdings.
341.6 Nontransferability.
341.7 Judicial proceedings.
341.8 Payment or redemption during lifetime of owner.
341.9 Payment or redemption after death of owner.
341.10 Reissue.
341.11 Use of power of attorney.
341.12 Lost, stolen, or destroyed bonds.
341.13 Taxation.
341.14 Certifying officers.
341.15 General provisions.

APPENDIX—TABLES OF REDEMPTION VALUES

AUTHORITY: Sec. 8, 50 Stat. 481, as amended; R.S. 3706; secs. 1, 4, 18, 40 Stat. 288, as amended, 290, as amended, 1309, as amended; secs. 19, 20, 48 Stat. 343, as amended; 31 U.S.C. 738a, 739, 752, 752a, 753, 754a, 754b.

SOURCE: 1963 Department Circular, Public Debt Series No. 1-63, 28 FR 405, Jan. 16, 1963, unless otherwise noted.

§ 341.0 Offering of bonds.

The Secretary of the Treasury, under the authority of the Second Liberty Bond Act, as amended, and pursuant to the Self-Employed Individuals Tax Retirement Act of 1962, offers for sale, effective as of January 1, 1963, bonds of the United States, designated as United States Retirement Plan Bonds. The bonds will be available for investment only to:

(a) Bond purchase plans and (b) pension and profit-sharing plans, as described in sections 405 and 401, respectively, of the Internal Revenue Code of 1954. This offering of bonds will terminate on April 30, 1982.

[1963 Dept. Cir. Public Debt Series No. 1-63, 28 FR 405, Jan. 16, 1963, as amended at 47 FR 18596, Apr. 30, 1982]

§ 341.1 Description of bonds.

(a) *Investment yield (interest).* United States Retirement Plan Bonds, hereinafter sometimes referred to as Retirement Plan Bonds, will be issued at par. The investment yields (interest) are as follows:

(1) Bonds with issue dates of January 1, 1963, through May 1, 1966—3.75 percent per annum, compounded semiannually (see Table of Redemption Values in the Appendix).

(2) Bonds with issue dates of June 1, 1966, through December 1, 1969—4.15 percent per annum, compounded semiannually (see Table A in the Appendix).

(3) Bonds with issue dates of January 1, 1970, through January 1, 1974—5 percent per annum, compounded semiannually (see Table B).

(4) Bonds with issue dates of February 1, 1974, through July 1, 1979—6 percent per annum, compounded semiannually (see Table C).

(5) Bonds with issue dates of August 1, 1979, through October 1, 1980—6.5 percent per annum, compounded semiannually (see Table D).

(6) Bonds with issue dates of November 1, 1980, through September 1, 1981—8 percent per annum, compounded semiannually (see Table E).

(7) Bonds with issue dates of October 1, 1981, or thereafter—9 percent per annum, compounded semiannually (see Table F).

Interest will be paid only upon redemption of the bonds. The accrual of interest will continue until the bonds are redeemed or have reached maturity, whichever is earlier, in accordance with these regulations.

(b) *Term.* The maturity date of any bond issued under this circular shall be indeterminate, but unless sooner redeemed in accordance with the regulations in this part, its investment yield will cease on the interest accrual date coinciding with, or, where no such coincidence occurs, the interest accrual date next preceding, the first day of the sixtieth (60th) month following the date of death of the person in whose name it is registered.

(c) *Denominations—issue date.* Retirement Plan Bonds will be available only in registered form and in denominations of $50, $100, $500, and $1,000. At the time of issue, the issuing agent will enter in the upper right-hand portion of the bond the issue date (which shall be the first day of the month and year in which payment of the purchase price is received by an authorized issuing agent), and will imprint the agent's validating stamp in the lower right-hand portion. The issue date, as distinguished from the date in the agent's validating stamp, will determine the date from which interest will begin to accrue on the bond. A Retirement Plan Bond shall be valid only if an authorized issuing agent receives payment therefor, duly inscribes, dates, stamps, and delivers it.

[1963 Dept. Circ., Public Debt Series No. 1-63, 28 FR 405, Jan. 16, 1963, as amended at 46 FR 60573, Dec. 11, 1981]

§ 341.2 Registration.

(a) *General.* The registration of Retirement Plan Bonds is limited to the names of natural persons in their own right, whether adults or minors, in either single ownership or beneficiary form. A bond registered in beneficiary form will be inscribed substantially as follows (for example): "John A. Doe payable on death to (or P.O.D.) Richard B. Roe." No more than one beneficiary may be designated on a bond.

(b) *Inscription.* The inscription on the face of each bond will show the name, address, date of birth, and the social security account number of the registered owner, as well as information as to whether he is a self-employed individual or an employee, and the amount he contributed (if any) out of his own funds toward the purchase price of the bond. In the case of any self-employed individual (who is treated as an employee for the purpose of sections 405 and 401 of the Internal Revenue Code of 1954), this amount would be that portion of the purchase price he contributed (if any) as an employee and which he will not take into account in determining the amount deductible for Federal income tax purposes. The name of the beneficiary, if one is to be designated, will also be shown in the inscription.

§ 341.3 Purchase of bonds.

(a) *Agencies.* Retirement Plan Bonds may be purchased over-the-counter or by mail from Federal Reserve Banks and Branches and the Bureau of the Public Debt, Washington, DC 20226. Customers of commercial banks and trust companies may be able to arrange for the purchase of the bonds through such institutions, but only the Federal Reserve Banks and Branches and the Bureau of the Public Debt are authorized to act as official agencies, and the date of receipt of the application and payment by an official agency will govern the dating of the bonds issued.

(b) *Application.* Applications for the purchase of Retirement Plan Bonds should be made on Form PD 3550, accompanied by a remittance to cover the purchase price. Personal checks will be accepted, subject to collection. Checks or other forms of exchange, should be drawn to the Federal Reserve Bank or United States Treasury, as the case may be. Checks payable by endorsement are not acceptable.

(c) *Delivery.* Delivery of bonds will be made in person, or by mail at the risk and expense of the United States, at the address given by the purchaser, but only within the United States, its territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone. No mail deliveries elsewhere will be made. If the registered owner temporarily resides abroad, the bonds will be delivered to such address in the United States as the purchaser directs.

§ 341.4 Proof of purchase.

At the time a Retirement Plan Bond is issued, the issuing agent will furnish therewith to the purchaser, and in cases where the purchaser is different from the person in whose name the bond is inscribed, to the registered owner as well, proof of the purchase on Form PD 3550. The form will show the names and addresses of the purchaser and of the registered owner, the latter's date of birth, social security account number and his classification (i.e., self-employed individual or employee) the number of bonds issued, a description thereof by issue date, serial numbers, denominations, and registration, together with information as to the amount of his contributions (if any) toward the purchase price of the bonds.

§ 341.5 Limitation on holdings.

The limit on the amount of any Retirement Plan Bonds issued during 1974, or in any one calendar year thereafter, that may be purchased in the name of any one person as registered owner is $10,000 (face value).

[39 FR 36114, Oct. 8, 1974]

§ 341.6 Nontransferability.

United States Retirement Plan Bonds are not transferable, and may not be sold, discounted or pledged as collateral for a loan or as security for the performance of an obligation, or for any other purpose.

§ 341.7 Judicial proceedings.

No judicial determinations will be recognized which would give effect to an attempted voluntary transfer inter vivos of a Retirement Plan Bond. Otherwise, a claim against a registered owner will be recognized when established by valid judicial proceedings, but in no case will payment be made to the purchaser at a sale under a levy or to the officer authorized to levy upon the property of the owner under appropriate process to satisfy a money judgement unless or until the bond has become eligible for redemption pursuant to the regulations in this part. Neither the Treasury Department nor any of its agencies will accept notices of adverse claims or of pending judicial proceedings or undertake to protect the interests of litigants who do not have possession of the bond.

§ 341.8 Payment or redemption during lifetime of owner.

(a) *At age 59½ or thereafter.* A Retirement Plan Bond will be redeemable at its current redemption value upon the request of the registered owner (or a person recognized as entitled to act on his behalf), provided he is 59½ years of age or older. The owner's age will be determined from the date of birth shown on the face of the bond, provided, however, that the Secretary of the Treasury reserves the right in any case or class of cases to require proof, in the form of a duly certified copy of his birth certificate, that the owner has attained the age of 59½ years. If such evidence is unavailable, one of the following documents may be furnished in lieu thereof:

(1) Church records of birth or baptism.

(2) Hospital birth record or certificate.

(3) Physician's or midwife's birth record.

(4) Certification of Bible or other family record.

(5) Military, naturalization or immigration records.

(6) Other evidence of probative value. Similar documentary evidence will also be required to support any claim made by an owner that the date of birth shown on his bond is incorrect.

(b) *Prior to age 59½ years.* A Retirement Plan Bond will be paid at its then current redemption value upon a registered owner's request (or by a person recognized as entitled to act on his behalf) prior to his attainment of age 59½ years upon submission of a physician's statement or any similar evidence showing that the owner has become disabled to such an extent that he is unable to engage in any substantial, gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. The following are examples of impairments which would ordinarily be considered as preventing substantial, gainful activity:

(1) Loss of use of two limbs.

(2) Certain progressive diseases which have resulted in the physical loss or atrophy of a limb, such as diabetes, multiple sclerosis, or Buerger's disease.

(3) Diseases of the heart, lungs, or blood vessels which have resulted in major loss of heart or lung reserve as evidenced by X-ray, electrocardiogram, or other objective findings, so that despite medical treatment breathlessness, pain, or fatigue is produced on slight exertion, such as walking several blocks, using public transportation, or doing small chores.

(4) Cancer which is inoperable and progressive.

(5) Damage to the brain or brain abnormality which has resulted in severe loss of judgment, intellect, orientation, or memory.

(6) Mental diseases (e.g., psychosis or severe psychoneurosis) requiring continued institutionalization or constant supervision of the individual.

(7) Loss or diminution of vision to the extent that the affected individual has a central visual acuity of no better than 20/200 in the better eye after best correction, or has a limitation in the fields of vision such that the widest diameter of the visual fields subtends an angle no greater than 20 degrees.

(8) Permanent and total loss of speech.

(9) Total deafness uncorrectible by a hearing aid.

In any case coming under the provisions of this paragraph, the evidence referred to above must be submitted to the Bureau of the Public Debt, Division of Transactions and Rulings, Parkersburg, West Virginia 26101, for approval before any bonds may be paid. If, after review of the evidence, the Secretary of the Treasury is satisfied that the owner's disability has been established, a letter will be furnished authorizing payment of his Retirement Plan Bonds. This letter must be presented each time any of the owner's bonds are submitted for payment to a Federal Reserve Bank or Branch or to the Bureau of the Public Debt.

(c) *Requests for payment*—(1) *By owner.* When redemption of any Retirement Plan Bond is desired by the registered owner under paragraph (a) of this section, it should be presented with the request for payment on the back of the bond signed and duly certified, to a Federal Reserve Bank or Branch or to the Bureau of the Public Debt, Securities Transactions Branch, Washington, DC 20226, or Bureau of the Public Debt, Division of Transactions and Rulings, Parkersburg, West Virginia 26101. If payment is requested under paragraph (b) of this section, the letter described therein should accompany the bond.

(2) *By person other than owner.* When redemption of any Retirement Plan Bond is desired by the legal guardian, committee conservator, or similar representative of the owner's estate under paragraph (a) of this section, it should be presented, with the request signed as described below, to a Federal Reserve Bank or Branch or to the Bureau of the Public Debt. If payment is requested under paragraph (b) of this section, the letter described therein should accompany the bond.[1] The request for payment, in either case, should be signed by the representative in his fiduciary capacity before an authorized certifying officer, and must be supported by a certificate or a certified copy of the letters of the appointment from the court making the appointment, under seal, or other proof of qualification if the appointment was not made by a court. Except in the case of corporate fiduciaries, such evidence should state that the appointment is in full force and should be dated not more than one year prior to the presentation of the bond for payment.

(d) *Partial redemption.* A Retirement Plan Bond in a denomination greater than $50 (face value) which is otherwise eligible for redemption may be redeemed in part, at current redemption value, upon the request of the registered owner (or a person recognized as entitled to act on his behalf), but only in amounts corresponding to authorized denominations. In any case in which partial redemption is desired, before the request for payment is signed, the phrase "to the extent of $—— (face value) and reissue of the remainder" should be appended to the request. Upon partial redemption of the bond, the remainder will be reissued as of the original issue date. No partial redemption of a bond will be made after the death of the owner in whose name it is registered.

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[1] In any case in which a legal representative has not been appointed for the estate of a registered owner who has attained the age of 59½ years, or who has become disabled, a person seeking payment of a bond on the owner's behalf should furnish a complete statement of the circumstances to the Bureau of the Public Debt, Division of Transactions and Rulings, Parkersburg, West Virginia 26101. Appropriate instructions will then be furnished.

[Dept. Circ., Pub. Debt Series No. 1-63, 28 FR 405, Jan 16, 1963, as amended at 42 FR 21611, Apr. 28, 1977]

§ 341.9 Payment or redemption after death of owner.

(a) *Order of precedence where owner not survived by beneficiary.* If the registered owner of a Retirement Plan Bond dies before it has been presented and surrendered for payment, and there is no beneficiary shown thereon, or if the designated beneficiary predeceased the owner, the bond shall be paid in the following order of precedence:

(1) To the duly appointed executor or administrator of the estate of the owner, who should sign the request for payment on the back of the bond in his representative capacity before an authorized certifying officer, such request to be supported by a court certificate or a certified copy of his letters of appointment, under seal of the court, which should show that the appointment is in full force and effect, and be dated within six months of its presentation;

(2) If no legal representative of the deceased registered owner's estate has been or will be appointed, to the widow or widower of the owner;

(3) If none of the above, to the child or children of the owner and the descendants of deceased children by representation;

(4) If none of the above, to the parents of the owner, or the survivor of them;

(5) In none of the above, to other next-of-kin of the owner, as determined by the laws of the domicile of such owner at the time of his death. In any case coming under the provisions of this paragraph, a duly certified copy of the registered owner's death certificate will ordinarily be required. Proof of death of the beneficiary, if any, will be required where he predeceased the owner. Payment of bonds under paragraph (a)(1) of this section will be made by a Federal Reserve Bank or Branch or by the Bureau of the Public Debt, Securities Transactions Branch, Washington, DC 20226, or Bureau of the Public Debt, Division of Transactions and Rulings, Parkersburg, West Virginia 26101. Payment of bonds under paragraphs (a)(2) to (5) of this section will be made upon receipt of applications on Form PD 3565, together with the bonds and supporting evidence, by the Bureau of the Public Debt.

(b) *Order of precedence where beneficiary survived owner.* If the registered owner of a Retirement Plan Bond dies before it has been presented and surrendered for payment, and the beneficiary shown thereon survived the owner, the bond shall be paid in the following order of precedence:

(1) To the designated beneficiary upon his presentation and surrender of the bond with the request for payment signed and duly certified, such payment to be made to the exclusion of any other person who may have been named beneficiary by the registered owner in a bond purchase plan, or under a pension or profit-sharing plan;

(2) If the designated beneficiary survived the registered owner but failed to present the bond for payment during his own lifetime, payment will be made in the order of precedence specified in paragraphs (a)(1) to (5) of this section to the legal representative, surviving spouse, children, parents, or next-of-kin of such beneficiary, and in the manner provided therein.

In any case coming under the provisions of this paragraph, a duly certified copy of the registered owner's death certificate will ordinarily be required. Proof of death of the beneficiary will also be required where he survived the owner but failed to present the bond for payment during his own lifetime. Payment of a bond to a designated beneficiary will be made by Federal Reserve Bank or Branch or by the Bureau of the Public Debt, Securities Transactions Branch, Washington, DC 20226, or Bureau of the Public Debt, Division of Transactions and Rulings, Parkersburg, West Virginia 26101.

(c) *Ownership of redemption proceeds.* The orders of precedence set forth in paragraphs (a) and (b) of this section, except in case where redemption is made for the account of a registered owner, are for the Department's convenience in discharging its obligation on a Retirement Plan Bond. The discharge of the obligation in accordance therewith shall be final so far as the Department is concerned, but those provisions do not otherwise purport to determine ownership of the redemption proceeds of a bond.

[Dept. Circ., Pub. Debt Series No. 1-63, 28 FR 405, Jan 16, 1963, as amended at 42 FR 21611, Apr. 28, 1977]

§ 341.10 Reissue.

(a) *Addition or change of beneficiary.* A Retirement Plan Bond will be reissued to add a beneficiary in the case of a single ownership bond, or to eliminate or substitute a beneficiary in the case of a bond registered in beneficiary form upon the owner's request on Form PD 3564. No consent will be required to support any reissue transaction from a beneficiary whose name is to be removed from the registration of a Retirement Plan Bond. If the registered owner dies after the bond has been presented and surrendered for reissue, upon receipt of notice thereof by the agency to which the request for reissue was submitted, such request shall be treated as ineffective, provided the notice of death is received by the Federal Reserve Bank or Branch or the Bureau of the Public Debt, Securities Transactions Branch, Washington, DC, 20226, or Bureau of the Public Debt, Division of Transactions and Rulings, Parkersburg, West Virginia 26101, to which the request was sent, in sufficient time to withhold delivery, by mail or otherwise, of the reissued bond.

(b) *Error in issue—change of name.* Reissue of a Retirement Plan Bond will be made where an error in issue has occurred, as well as in cases where the owner's name has been changed by marriage, divorce, annulment, order of court, or in any other legal manner, upon appropriate request supported by satisfactory evidence. Information as to the procedure to be followed in securing such reissue may be obtained from a Federal Reserve Bank or the Bureau of the Public Debt, Securities Transactions Branch, Washington, DC 20226, or Bureau of the Public Debt, Division of Transactions and Rulings, Parkersburg, West Virginia 26101.

[Dept. Circ., Pub. Debt Series No. 1-63, 28 FR 405, Jan 16, 1963, as amended at 42 FR 21611, Apr. 28, 1977; 42 FR 57123, Nov. 1, 1977]

§ 341.11 Use of power of attorney.

No designation of an attorney, agent, or other representative to request payment or reissue on behalf of the owner, beneficiary, or other person entitled under § 341.9, other than as provided in the regulations in this part, will be recognized.

§ 341.12 Lost, stolen, or destroyed bonds.

If a Retirement Plan Bond is lost, stolen, or destroyed, a substitute may be issued upon identification of the bond and proof of its loss, theft, or destruction. A description of the bond by denomination, serial number, issue date and registration should be furnished at the time the report of loss, theft, or destruction is made. Such reports should be sent to the Bureau of the Public Debt, Division of Transactions and Rulings, Parkersburg, West Virginia 26101. Full instructions for obtaining substitute bonds will then be given.

[Dept. Circ., Pub. Debt Series No. 1-63, 28 FR 405, Jan 16, 1963, as amended at 42 FR 21611, Apr. 28, 1977]

§ 341.13 Taxation.

The tax treatment provided under section 405 of the Internal Revenue Code of 1954 shall apply to all Retirement Plan Bonds. The bonds are subject to estate, inheritance, or other excise taxes whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, municipality, or any local taxing authority. Inquiries concerning the application of any Federal tax of these bonds should be directed to the District Director of Internal Revenue of the taxpayer's district or to the Internal Revenue Service, Washington, DC 20224.

§ 341.14 Certifying officers.

Officers authorized to certify requests for payment or for any other transaction involving Retirement Plan Bonds include:

(a) *Post offices.* Any postmaster, acting postmaster, or inspector-in-charge, or other post office official or clerk designated for that purpose. A post office official or clerk, other than a postmaster, acting postmaster, or inspector-in-charge, should certify in the name of the postmaster or acting postmaster, followed by his own signature and official title. Signatures of these officers should be authenticated by a legible imprint of the post office dating stamp.

(b) *Banks and trust companies.* Any officer of a Federal Reserve Bank or Branch, or of a bank or trust company chartered under the laws of the United States or those of any State, Commonwealth, or Territory of the United States, as well as any employees of such bank or trust company expressly authorized to act for that purpose, who should sign over the title "Designated Employee." Certifications by any of these officers or designated employees should be authenticated by either a legible imprint of the corporate seal, or, where the institution is an authorized issuing agent for United States Savings Bonds, Series E, by a legible imprint of its dating stamp.

(c) *Issuing agents of Series E savings bonds.* Any officer of a corporation or any other organization which is an authorized issuing agent for United States Savings Bonds, Series E. All certifications by such officers must be authenticated by a legible imprint of the issuing agent's dating stamp.

(d) *Foreign countries.* In a foreign country requests may be signed in the presence of and be certified by any United States diplomatic or consular representative, or the manager or other officer of a foreign branch of a bank or trust company incorporated in the United States whose signature is attested by an imprint of the corporate seal or is certified to the Treasury Department. If such an officer is not available, requests may be signed in the presence of and be certified by a notary or other officer authorized to administer oaths, but his official character and jurisdiction should be certified by a United States diplomatic or consular officer under seal of his office.

(e) *Special provisions.* The Commissioner of the Public Debt, the Chief of the Division of Securities Operations, or any Federal Reserve Bank or Branch is authorized to make special provision for certification in any particular case or class of cases where none of the officers authorized above is readily accessible.

§ 341.15 General provisions.

(a) *Regulations.* All Retirement Plan Bonds shall be subject to the general regulations prescribed by the Secretary with respect to United States securities, which are set forth in Treasury Department Circular No. 300, current revision, to the extent applicable. Copies of the general regulations may be obtained upon request from any Federal Reserve Bank or Branch or the Bureau of the Public Debt.

(b) *Reservation as to issue of bonds.* The Secretary of the Treasury reserves the right to reject any application for the purchase of Retirement Plan Bonds, in whole or in part, and to refuse to issue or permit to be issued any such bonds in any case or any class or classes of cases if he deems such action to be in the public interest, and his action in any such respect shall be final.

(c) *Additional requirements.* In any case or any class of cases arising under this part the Secretary of the Treasury may require such additional evidence as may in his judgment be necessary, and may require a bond of indemnity, with or without surety, where he may consider such bond necessary for the protection of the United States.

(d) *Waiver of requirements.* The Secretary of the Treasury reserves the right, in his discretion, to waive or modify any provision or provisions of this circular in any particular case or class of cases for the convenience of the United States, or in order to relieve any person or persons of unnecessary hardship, if such action is not inconsistent with law, does not impair any existing rights, and he is satisfied that such action would not subject the United States to any substantial expense or liability.

(e) *Fiscal agents.* Federal Reserve Banks and Branches, as fiscal agents of the United States, are authorized to perform such services as may be requested of them by the Secretary of the Treasury in connection with the issue, delivery, redemption, reissue, and payment of Retirement Plan Bonds.

(f) *Reservation as to terms of circular.* The Secretary of the Treasury may at any time, or from time to time, supplement or amend the terms of this part, or any amendments or supplements thereto.

Appendix—Tables of Redemption Values

Table of Redemption Values Providing an Investment Yield of 3¾ Percent per Annum for Bonds Bearing Issue Dates Beginning January 1, 1963

Table shows how the Retirement Plan Bonds bearing issue dates beginning January 1, 1963, by denomination, increase in redemption value during successive half-year periods following issue. The redemption values have been determined to provide an investment yield of 3.75 percent[1] per annum, compounded semiannually, on the purchase price from issue date to the beginning of each half-year period. The period to maturity is indeterminate in accordance with the provisions of § 341.1(b).[2]

Period after issue date (years)	Issue price			
	Redemption values during each half-year period (Values increase on first day of period shown)			
	$50.00	$100.00	$500.00	$1,000.00
First ½	$50.00	$100.00	$500.00	$1,000.00
½ to 1	50.94	101.88	509.38	1,018.75
1 to 1½	51.89	103.79	518.93	1,037.85
1½ to 2	52.87	105.73	528.66	1,057.31
2 to 2½	53.86	107.71	538.57	1,077.14
2½ to 3	54.87	109.73	548.67	1,097.33
3 to 3½	55.90	111.79	558.95	1,117.91
3½ to 4	56.94	113.89	569.43	1,138.87
4 to 4½	58.01	116.02	580.11	1,160.22
4½ to 5	59.10	118.20	590.99	1,181.98
5 to 5½	60.21	120.41	602.07	1,204.14
5½ to 6	61.34	122.67	613.36	1,226.72
6 to 6½	62.49	124.97	624.86	1,249.72
6½ to 7	63.66	127.31	636.57	1,273.15
7 to 7½	64.85	129.70	648.51	1,297.02
7½ to 8	66.07	132.13	660.67	1,321.34
8 to 8½	67.31	134.61	673.06	1,346.11
8½ to 9	68.57	137.14	685.68	1,371.35

Appendix—Tables of Redemption Values—Continued

Table of Redemption Values Providing an Investment Yield of 3¾ Percent per Annum for Bonds Bearing Issue Dates Beginning January 1, 1963

Table shows how the Retirement Plan Bonds bearing issue dates beginning January 1, 1963, by denomination, increase in redemption value during successive half-year periods following issue. The redemption values have been determined to provide an investment yield of 3.75 percent[1] per annum, compounded semiannually, on the purchase price from issue date to the beginning of each half-year period. The period to maturity is indeterminate in accordance with the provisions of § 341.1(b).[2]

Period after issue date (years)	Issue price			
	Redemption values during each half-year period (Values increase on first day of period shown)			
	$50.00	$100.00	$500.00	$1,000.00
9 to 9½	69.85	139.71	698.53	1,397.07
9½ to 10	71.16	142.33	711.63	1,423.26
10 to 10½	72.50	144.99	724.97	1,449.95
10½ to 11	73.86	147.71	738.57	1,477.13
11 to 11½	75.24	150.48	752.42	1,504.83
11½ to 12	76.65	153.30	766.52	1,533.05
12 to 12½	78.09	156.18	780.90	1,561.79
12½ to 13	79.55	159.11	795.54	1,591.07
13 to 13½	81.05	162.09	810.45	1,620.91
13½ to 14	82.56	165.13	825.65	1,651.30
14 to 14½	84.11	168.23	841.13	1,682.26
14½ to 15	85.69	171.38	856.90	1,713.80
15 to 15½	87.30	174.59	872.97	1,745.94
15½ to 16	88.93	177.87	889.34	1,778.67
16 to 16½	90.60	181.20	906.01	1,812.02
16½ to 17	92.30	184.60	923.00	1,846.00
17 to 17½	94.03	188.06	940.31	1,880.61
17½ to 18	95.79	191.59	957.94	1,915.87
18 to 18½	97.59	195.18	975.90	1,951.80
18½ to 19	99.42	198.84	994.20	1,988.39
19 to 19½	101.28	202.57	1,012.84	2,025.67
19½ to 20	103.18	206.37	1,031.83	2,063.66
20 to 20½	105.12	210.23	1,051.17	2,102.35

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[1] Based on redemption values of $1,000 bond.

[2] At a future date prior to January 1, 1983 (20 years after issue date of the first bonds) this table will be extended to show redemption values for periods of holding of 20½ years and beyond.

TABLE A—TABLE OF REDEMPTION VALUES PROVIDING AN INVESTMENT YIELD OF 4.15 PERCENT PER ANNUM FOR BONDS BEARING ISSUE DATES BEGINNING JUNE 1, 1966

Table shows the increase in redemption value for each successive half-year term of holding following the date of issue on Retirement Plan Bonds bearing issue dates beginning June 1, 1966. The redemption values have been determined to provide an investment yield of approximately 4.15 percent[1] per annum, compounded semiannually, on the purchase price from issue date to the beginning of each half-year period. The period to maturity is indeterminate in accordance with the provisions of § 341.1(b) of this circular.[2]

Period after issue date (years)	Issue price			
	Redemption values during each half-year period (values increase on first day of period shown)			
	$50	$100	$500	$1,000
First ½	$0.00	$100.00	$500.00	$1,000.00
½ to 1	51.04	102.08	510.38	1,020.75
1 to 1½	52.10	104.19	520.97	1,041.93
1½ to 2	53.18	106.36	531.78	1,063.55
2 to 2½	54.28	108.56	542.81	1,085.62
2½ to 3	55.41	110.81	554.07	1,108.15
3 to 3½	56.56	113.11	565.57	1,131.14
3½ to 4	57.73	115.46	577.31	1,154.61
4 to 4½	58.93	117.86	589.28	1,178.57
4½ to 5	60.15	120.30	601.51	1,203.02
5 to 5½	61.40	122.80	613.99	1,227.99
5½ to 6	62.67	125.35	626.73	1,253.47
6 to 6½	63.97	127.95	639.74	1,279.48
6½ to 7	65.30	130.60	653.01	1,306.03
7 to 7½	66.66	133.31	666.56	1,333.13
7½ to 8	68.04	136.08	680.39	1,360.73
8 to 8½	69.45	138.90	694.51	1,389.09
8½ to 9	70.89	141.78	708.92	1,417.85
9 to 9½	72.36	144.73	723.63	1,447.27
9½ to 10	73.86	147.73	738.65	1,477.30
10 to 10½	75.40	150.80	753.98	1,507.95
10½ to 11	76.96	153.92	769.62	1,539.24
11 to 11½	78.56	157.12	785.59	1,571.18
11½ to 12	80.19	160.38	801.89	1,603.78
12 to 12½	81.85	163.71	818.53	1,637.06
12½ to 13	83.55	167.10	835.52	1,671.03
13 to 13½	85.29	170.57	852.85	1,705.71
13½ to 14	87.05	174.11	870.55	1,741.10
14 to 14½	88.86	177.72	888.61	1,777.23
14½ to 15	90.71	181.41	907.05	1,814.10
15 to 15½	92.59	185.17	925.87	1,851.75
15½ to 16	94.51	189.02	945.09	1,890.17
16 to 16½	96.47	192.94	964.70	1,929.39
16½ to 17	98.47	196.94	984.71	1,969.43
17 to 17½	100.51	201.03	1,005.15	2,010.29
17½ to 18	102.60	205.20	1,026.00	2,052.01
18 to 18½	104.73	209.46	1,047.29	2,094.58
18½ to 19	106.90	213.80	1,069.02	2,138.05
19 to 19½	109.12	218.24	1,091.21	2,182.41
19½ to 20	111.38	222.77	1,113.85	2,227.70
20 to 20½[2]	113.70	227.39	1,136.96	2,273.92

[1] Based on redemption values of $1,000 bond.

[2] At a future date prior to June 1, 1986 (20 years after issue date of the first bonds), this table will be extended to show redemption values for periods of holding of 20½ years and beyond.

TABLE B—TABLE OF REDEMPTION VALUES PROVIDING AN INVESTMENT YIELD OF 5.00 PERCENT PER ANNUM FOR BONDS BEARING ISSUE DATES BEGINNING JANUARY 1, 1970

Table shows the increase in redemption value for each successive half-year term of holding following the date of issue on Retirement Plan Bonds bearing issue dates beginning January 1, 1970. The redemption values have been determined to provide an investment yield of approximately 5.00 percent[1] per annum, compounded semiannually, on the purchase price from issue date to the beginning of each half-year period. The period to maturity is indeterminate in accordance with the provisions of § 341.1(b) of this circular.[2]

Period after issue date (years)	Issue price			
	Redemption values during each half-year period (values increase on first day of period shown)			
	$50	$100	$500	$1,000
First ½	$50.00	$100.00	$500.00	$1,000.00
½ to 1	51.25	102.50	512.50	1,025.00
1 to 1½	52.53	105.06	525.31	1,050.62
1½ to 2	53.84	107.69	538.45	1,076.89
2 to 2½	55.19	110.38	551.91	1,103.81
2½ to 3	56.57	113.14	565.70	1,131.41
3 to 3½	57.98	115.97	579.85	1,159.69
3½ to 4	59.43	118.87	594.34	1,188.69
4 to 4½	60.92	121.84	609.20	1,218.40
4½ to 5	62.44	124.89	624.43	1,248.86
5 to 5½	64.00	128.01	640.04	1,280.08
5½ to 6	65.60	131.21	656.04	1,312.09
6 to 6½	67.24	134.49	672.44	1,344.89
6½ to 7	68.93	137.85	689.26	1,378.51
7 to 7½	70.65	141.30	706.49	1,412.97
7½ to 8	72.42	144.83	724.15	1,448.30
8 to 8½	74.22	148.45	742.25	1,484.51
8½ to 9	76.08	152.16	760.81	1,521.62
9 to 9½	77.98	155.97	779.83	1,559.66
9½ to 10	79.93	159.86	799.33	1,598.65
10 to 10½	81.93	163.86	819.31	1,638.62
10½ to 11	83.98	167.96	839.79	1,679.58
11 to 11½	86.08	172.16	860.79	1,721.57
11½ to 12	88.23	176.46	882.31	1,764.61
12 to 12½	90.44	180.87	904.36	1,808.73
12½ to 13	92.70	185.39	926.97	1,853.94
13 to 13½	95.02	190.03	950.15	1,900.29
13½ to 14	97.39	194.78	973.90	1,947.80
14 to 14½	99.82	199.65	998.25	1,996.50
14½ to 15	102.32	204.64	1,023.20	2,046.41
15 to 15½	104.88	209.76	1,048.78	2,097.57
15½ to 16	107.50	215.00	1,075.00	2,150.01
16 to 16½	110.19	220.38	1,101.88	2,203.76
16½ to 17	112.94	225.88	1,129.43	2,258.85
17 to 17½	115.77	231.53	1,157.66	2,315.32
17½ to 18	118.66	237.32	1,186.60	2,373.21
18 to 18½	121.63	243.25	1,216.27	2,432.54
18½ to 19	124.67	249.34	1,246.67	2,493.35
19 to 19½	127.78	255.57	1,277.84	2,555.68
19½ to 20	130.98	261.96	1,309.79	2,619.57
20 to 20½	134.25	268.51	1,342.53	2,685.06

[1] Based on redemption values of $1,000 bond.

[2] At a future date prior to Jan. 1, 1990 (20 years after issue date of the first bonds) this table will be extended to show redemption values for periods of holding of 20½ years and beyond.

TABLE C—TABLE OF REDEMPTION VALUES PROVIDING AN INVESTMENT YIELD OF 6 PERCENT PER ANNUM FOR BONDS BEARING ISSUE DATES BEGINNING FEBRUARY 1, 1974

Table shows the increase in redemption value for each successive half-year term of holding following the date of issue on Retirement Plan Bonds bearing issue dates beginning February 1, 1974. The redemption values have been determined to provide an investment yield of approximately 6 percent[1] per annum, compounded semiannually, on the purchase price from issue date to the beginning of each half-year period. The period to maturity is indeterminate in accordance with the provisions of § 341.1(b) of this circular.

Period after issue date (years)	Issue price			
	Redemption values during each half-year period (values increase on first day of period shown)			
	$50.00	$100.00	$500.00	$1,000.00
First ½	$50.00	$100.00	$500.00	$1,000.00
½ to 1	51.50	103.00	51 500	1,030.00
1 to 1½	53.05	106.10	530.50	1,061.00
1½ to 2	54.64	109.28	546.40	1,092.80
2 to 2½	56.28	112.56	562.80	1,125.60
2½ to 3	57.96	115.92	579.60	1,159.20
3 to 3½	59.70	119.40	597.00	1,194.00
3½ to 4	61.49	122.98	614.90	1,229.80
4 to 4½	63.34	126.68	633.40	1,266.80
4½ to 5	65.24	130.48	652.40	1,304.80
5 to 5½	67.20	134.40	672.00	1,344.00
5½ to 6	69.21	138.42	692.10	1,384.20
6 to 6½	71.29	142.58	712.90	1,425.80
6½ to 7	73.43	146.86	734.30	1,468.60
7 to 7½	75.63	151.26	756.30	1,512.60
712 to 8	77.90	155.80	779.00	1,558.00
8 to 8½	80.24	160.48	802.40	1,604.80
8½ to 9	82.64	165.28	826.40	1,652.80
9 to 9½	85.12	170.24	851.20	1,702.40
9½ to 10	87.68	175.36	876.80	1,753.60
10 to 10½	90.31	180.62	903.10	1,806.20
10½ to 11	93.01	186.02	930.10	1,860.20
11 to 11½	95.81	191.62	958.10	1,916.20
11½ to 12	98.68	197.36	986.80	1,973.60
12 to 12½	101.64	203.28	1,016.40	2,032.80
12½ to 13	104.69	209.38	1,046.90	2,093.80
13 to 13½	107.83	215.66	1,078.30	2,156.60
13½ to 14	111.06	222.12	1,110.60	2,221.20
14 to 14½	114.40	228.80	1,144.00	2,288.00
14½ to 15	117.83	235.66	1,178.30	2,356.60
15 to 15½	121.36	242.72	1,213.60	2,427.20
15½ to 16	125.00	250.00	1,250.00	2,500.00
16 to 16½	128.75	257.50	1,287.50	2,575.00
16½ to 17	132.62	265.24	1,326.20	2,652.40
17 to 17½	136.60	273.20	1,366.00	2,732.00
17½ to 18	140.69	281.38	1,406.90	2,813.80
18 to 18½	144.91	289.82	1,449.10	2,898.20
18½ to 19	149.26	298.52	1,492.60	2,985.20
19 to 19½	153.74	307.48	1,537.40	3,074.80
19½ to 20	158.35	316.70	1,583.50	3,167.00
20 to 20½	163.10	326.20	1,631.00	3,262.00

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[1] Based on redemption values of $1,000 bond.

TABLE D—TABLE OF REDEMPTION VALUES PROVIDING AN INVESTMENT YIELD OF 6.50 PERCENT PER ANNUM FOR BONDS BEARING ISSUE DATES BEGINNING AUG. 1, 1979

Table shows the increase in redemption value for each successive half-year term of holding following the date of issue on Retirement Plan Bonds bearing issue dates beginning August 1, 1979. The redemption values have been determined to provide an investment yield of approximately 6.50 percent[1] per annum, compounded semi-annually, on the purchase price from issue date to the beginning of each half-year period. The period to maturity is indeterminate in accordance with the provisions of § 341.1(b) of this circular.[2]

Period after issue date (years)	Issue price			
	Redemption values during each half-year period (values increase on first day of period shown)			
	$50	$100	$500	$1,000
First ½	$50.00	$100.00	$500.00	$1,000.00
½ to 1	51.62	103.24	516.20	1,032.40
1 to 1½	53.30	106.60	533.00	1,066.00
1½ to 2	55.04	110.08	550.40	1,100.80
2 to 2½	56.82	113.64	568.20	1,136.40
2½ to 3	58.68	117.36	586.80	1,173.60
3 to 3½	60.58	121.16	605.80	1,211.60
3½ to 4	62.54	125.08	625.40	1,250.80
4 to 4½	64.58	129.16	645.80	1,291.60
4½ to 5	66.68	133.36	666.80	1,333.60
5 to 5½	68.84	137.68	688.40	1,376.80
5½ to 6	71.08	142.16	710.80	1,421.60
6 to 6½	73.40	146.80	734.00	1,468.00
6½ to 7	75.78	151.56	757.80	1,515.60
7 to 7½	78.24	156.48	782.40	1,564.80
7½ to 8	80.78	161.56	807.80	1,615.60
8 to 8½	83.40	166.80	834.00	1,668.00
8½ to 9	86.12	172.24	861.20	1,722.40
9 to 9½	88.92	177.84	889.20	1,778.40
9½ to 10	91.80	183.60	918.00	1,836.00
10 to 10½	94.80	189.60	948.00	1,896.00
10½ to 11	97.88	195.76	978.80	1,957.60
11 to 11½	101.06	202.12	1,010.60	2,021.20
11½ to 12	104.34	208.68	1,043.40	2,086.80
12 to 12½	107.72	215.44	1,077.20	2,154.40
12½ to 13	111.22	222.44	1,112.20	2,224.40
13 to 13½	114.84	229.68	1,148.40	2,296.80
13½ to 14	118.58	237.16	1,185.80	2,371.60
14 to 14½	122.44	244.88	1,224.40	2,448.80
14½ to 15	126.42	252.84	1,264.20	2,528.40
15 to 15½	130.52	261.04	1,305.20	2,610.40
15½ to 16	134.76	269.52	1,347.60	2,695.20
16 to 16½	139.14	278.28	1,391.40	2,782.80
16½ to 17	143.66	287.32	1,436.60	2,873.20
17 to 17½	148.34	296.68	1,483.40	2,966.80
17½ to 18	153.16	306.32	1,531.60	3,063.20
18 to 18½	158.12	316.24	1,581.20	3,162.40
18½ to 19	163.26	326.52	1,632.60	3,265.20
19 to 19½	168.58	337.16	1,685.80	3,371.60
19½ to 20	174.06	348.12	1,740.60	3,481.20
20 to 20½	179.72	359.44	1,797.20	3,594.40

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[1] Based on redemption values of $1,000 bond.

[2] At a future date prior to Aug. 1, 1999 (20 years after issue date of the first bonds) this table will be extended to show redemption values for periods of holding of 20½ years and beyond.

TABLE E—TABLE OF REDEMPTION VALUES PROVIDING AN INVESTMENT YIELD OF 8.00 PERCENT PER ANNUM FOR BONDS BEARING ISSUE DATES BEGINNING NOVEMBER 1, 1980

NOTE. This table shows how Retirement Plan Bonds bearing issue dates beginning November 1, 1980, by denomination, increase in redemption value during successive half-year periods following issue. The redemption values have been determined to provide an investment yield of 8.00 percent per annum, compounded semiannually, on the purchase price from issue date to the beginning of each half-year period. The period to maturity is indeterminate in accordance with the provisions of § 341.1(b).

Period after issue date (years)	Issue price			
	Redemption values during each half-year period (values increase on first day of period shown)			
	$50.00	$100.00	$500.00	$1,000.00
First half year	$50.00	$100.00	$500.00	$1,000.00
.5 to 1.0	52.00	104.00	520.00	1,040.00
1.0 to 1.5	54.08	108.16	540.80	1,081.60
1.5 to 2.0	56.24	112.48	562.40	1,124.80
2.0 to 2.5	58.50	117.00	585.00	1,170.00
2.5 to 3.0	60.84	121.68	608.40	1,216.80
3.0 to 3.5	63.26	126.52	632.60	1,265.20
3.5 to 4.0	65.80	131.60	658.00	1,316.00
4.0 to 4.5	68.42	136.84	684.20	1,368.40
4.5 to 5.0	71.16	141.32	711.60	1,423.20
5.0 to 5.5	74.02	148.04	740.20	1,480.40
5.5 to 6.0	76.98	153.96	769.80	1,539.60
6.0 to 6.5	80.06	160.12	800.60	1,601.20
6.5 to 7.0	83.26	166.52	832.60	1,665.20
7.0 to 7.5	86.58	173.16	865.80	1,731.60
7.5 to 8.0	90.04	180.08	900.40	1,800.80
8.0 to 8.5	93.64	187.28	936.40	1,872.80
8.5 to 9.0	97.40	194.80	974.00	1,948.00
9.0 to 9.5	101.30	202.60	1,013.00	2,026.00
9.5 to 10.0	105.34	210.68	1,053.40	2,106.80
10.0 to 10.5	109.56	219.12	1,095.60	2,191.20
10.5 to 11.0	113.94	227.88	1,139.40	2,278.80
11.0 to 11.5	118.50	237.00	1,185.00	2,370.00
11.5 to 12.0	123.24	246.48	1,232.40	2,464.80
12.0 to 12.5	128.16	256.32	1,281.60	2,563.20
12.5 to 13.0	133.30	266.60	1,333.00	2,666.00
13.0 to 13.5	138.62	277.24	1,386.20	2,772.40
13.5 to 14.0	144.16	288.32	1,441.60	2,883.20
14.0 to 14.5	149.94	299.88	1,499.40	2,998.80
14.5 to 15.0	155.94	311.88	1,559.40	3,118.80
15.0 to 15.5	162.16	324.32	1,621.60	3,243.20
15.5 to 16.0	168.66	337.32	1,686.60	3,373.20
16.0 to 16.5	175.40	350.80	1,754.00	3,508.00
16.5 to 17.0	182.42	364.84	1,824.20	3,648.40
17.0 to 17.5	189.72	379.44	1,897.20	3,794.40
17.5 to 18.0	197.30	394.60	1,973.00	3,946.00
18.0 to 18.5	205.20	410.40	2,052.00	4,104.00
18.5 to 19.0	213.40	426.80	2,134.00	4,268.00
19.0 to 19.5	221.94	443.88	2,219.40	4,438.80
19.5 to 20.0	230.82	461.64	2,308.20	4,616.40
20.0 to 20.5	240.06	480.12	2,400.60	4,801.20

TABLE F—TABLE OF REDEMPTION VALUES PROVIDING AN INVESTMENT YIELD OF 9.00 PERCENT PER ANNUM FOR BONDS BEARING ISSUE DATES BEGINNING OCTOBER 1, 1981

NOTE. This table shows how Retirement Plan Bonds bearing issue dates beginning October 1, 1981, by denomination, increase in redemption value during successive half-year periods following issue. The redemption values have been determined to provide an investment yield of 9.00 percent per annum, compounded semiannually, on the purchase price from issue date to the beginning of each half-year period. The period to maturity is indeterminate in accordance with the provisions of § 341.1(b).

Period after issue date (years)	Issue price			
	Redemption values during each half-year period (values increase on first day of period shown)			
	$50.00	$100.00	$500.00	$1,000.00
First half year	$50.00	$100.00	$500.00	$1,000.00
.5 to 1.0	52.24	104.48	522.40	1,044.80
1.0 to 1.5	54.60	109.20	546.00	1,092.00
1.5 to 2.0	57.06	114.12	570.60	1,141.20
2.0 to 2.5	59.62	119.24	596.20	1,192.40
2.5 to 3.0	62.30	124.60	623.00	1,246.00
3.0 to 3.5	65.12	130.24	651.20	1,302.40
3.5 to 4.0	68.04	136.08	680.40	1,360.80
4.0 to 4.5	71.10	142.20	711.00	1,422.00
4.5 to 5.0	74.30	148.60	743.00	1,486.00
5.0 to 5.5	77.64	155.28	776.40	1,552.80
5.5 to 6.0	81.14	162.28	811.40	1,622.80
6.0 to 6.5	84.80	169.60	848.00	1,696.00
6.5 to 7.0	88.60	177.20	886.00	1,772.00
7.0 to 7.5	92.60	185.20	926.00	1,852.00
7.5 to 8.0	96.76	193.52	967.60	1,935.20
8.0 to 8.5	101.12	202.24	1,011.20	2,022.40
8.5 to 9.0	105.66	211.32	1,056.60	2,113.20
9.0 to 9.5	110.42	220.84	1,104.20	2,208.40
9.5 to 10.0	115.40	230.80	1,154.00	2,308.00
10.0 to 10.5	120.58	241.16	1,205.80	2,411.60
10.5 to 11.0	126.02	252.04	1,260.20	2,520.40
11.0 to 11.5	131.68	263.36	1,316.80	2,633.60
11.5 to 12.0	137.60	275.20	1,376.00	2,752.00
12.0 to 12.5	143.80	287.60	1,438.00	2,876.00
12.5 to 13.0	150.28	300.56	1,502.80	3,005.60
13.0 to 13.5	157.04	314.08	1,570.40	3,140.80
13.5 to 14.0	164.10	328.20	1,641.00	3,282.00
14.0 to 14.5	171.48	342.96	1,714.80	3,429.60
14.5 to 15.0	179.20	358.40	1,792.00	3,584.00
15.0 to 15.5	187.26	374.52	1,872.60	3,745.20
15.5 to 16.0	195.70	391.40	1,957.00	3,914.00
16.0 to 16.5	204.50	409.00	2,045.00	4,090.00
16.5 to 17.0	213.70	427.40	2,137.00	4,274.00
17.0 to 17.5	223.32	446.64	2,233.20	4,466.40
17.5 to 18.0	233.36	466.72	2,333.60	4,667.20
18.0 to 18.5	243.86	487.72	2,438.60	4,877.20
18.5 to 19.0	254.84	509.68	2,548.40	5,096.80
19.0 to 19.5	266.32	532.64	2,663.20	5,326.40
19.5 to 20.0	278.30	556.60	2,783.00	5,566.00
20.0 to 20.5	290.82	581.64	2,908.20	5,816.40

[Dept. Cir., Public Debt Series No. 1-63, 28 FR 405, Jan. 16, 1963, as amended at 31 FR 7625, May 27, 1966; 35 FR 224, Jan. 7, 1970; 39 FR 4661, Feb. 6, 1974; 45 FR 53393, Aug. 11, 1980; 46 FR 60573, Dec. 11, 1981]

PART 342—OFFERING OF UNITED STATES SAVINGS NOTES

Sec.
342.0 Offering of notes.
342.1 Definition of words and terms as used in this offer.
342.2 Description of notes.
342.2a Extended terms and improved yields for outstanding notes.
342.3 Purchase—registration.
342.4 Limitations.
342.5 Taxation.
342.6 Payment or redemption.
342.7 Governing regulations.
342.8 Fiscal agents.
342.9 Reservations.

AUTHORITY: 80 Stat. 379; sec. 18, 40 Stat. 1309, as amended; sec. 20, 48 Stat. 343, as amended; 5 U.S.C. 301; 31 U.S.C. 753, 754b.

SOURCE: Department Circular, Public Debt Series No. 3-67, Revised, 33 FR 11259, Aug. 8, 1968; 33 FR 11539, Aug. 14, 1968, unless otherwise noted.

EDITORIAL NOTE: For a waiver of certain provisions in Part 342 to permit the registration of U.S. Savings Notes (Freedom Shares) in the names of trustees of employees' savings plans and to provide for their convenient administration, see 34 FR 1600, Feb. 1, 1969.

§ 342.0 Offering of notes.

The Secretary of the Treasury hereby offers for sale to the people of the United States, U.S. Savings Notes (also known as "Freedom Shares" and generally referred to herein as "savings notes" or "notes"). The notes may be purchased only in combination with U.S. Savings Bonds of Series E of equal or greater face amounts. This offering, which shall be effective June 1, 1968, will continue until terminated by the Secretary of the Treasury.

EDITORIAL NOTE: The sale of U.S. Savings Notes was terminated at the close of business June 30, 1970. See 34 FR 19504, Dec. 10, 1969.

§ 342.1 Definition of words and terms as used in this offer.

(a) "Payroll savings plan" refers to a voluntary program maintained by an employer whereby its participating officers and employees authorize regular withholdings from their salaries or wages for the purchase of Series E bonds.

(b) "Quarter" refers to a 3-month period of a year, as follows: January-February-March, April-May-June, July-August-September, or October-November-December.

§ 342.2 Description of notes.

(a) *General.* Savings notes are issued only in registered form and are non-transferable.

(b) *Term.* A savings note will be dated as of the first day of the month in which payment of the purchase price is received by an issuing agent.[1] This date is the issue date and the note will mature and be payable at its maturity value 4 years and 6 months from such issue date. The note may not be called for redemption by the Secretary of the Treasury prior to maturity, and is not redeemable during the first year from issue date. Thereafter, the note may be redeemed at fixed redemption values at the option and request of the owner.

(c) *Denominations—prices—investment yield (interest).* Savings notes are issued on a discount basis. The denominations and purchase prices are:

Denomination	Purchase price
$25.00	$20.25
50.00	40.50
75.00	60.75
100.00	81.00

Interest will be paid as a part of the redemption value. A note will increase in value 1 year after issue date and at the beginning of each half-year period thereafter until maturity, at which time interest will cease. Interest on a note redeemed before maturity will cease at the end of the interest period next preceding the redemption date, except that if redeemed on a date on which the redemption value increases, interest will cease on that date.

(1) *Notes with issue dates June 1, 1968, or thereafter.* The investment yield for savings notes with issue dates of June 1, 1968, through November 1,

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[1] Generally, incorporated banks, trust companies and other agencies as have been duly qualified as issuing agents of Series E bonds.

1969, is approximately 5 percent per annum, compounded semiannually, if the notes are held to maturity, but the yield is less if the notes are redeemed earlier. Outstanding notes with issue dates of December 1, 1969, through June 1, 1970,[2] will earn interest at the same rate, except that for the remaining period to the maturity date the rate is hereby increased by approximately ½ of 1 percent, beginning with the first interest accrual period starting on or after December 1, 1973.

(2) *Notes with issue dates May 1, 1967, through May 1, 1968.* The investment yield on savings notes with issue dates of May 1, 1967, through May 1, 1968, if held to maturity, will be 4.74 percent per annum compounded semiannually, but the yield will be less if the notes are redeemed earlier. See Table 2.

(d) *Inscription and issue.* At the time of issue the authorized issuing agent will:

(1) Inscribe on the face of each note the name and address of the owner and the name of the beneficiary, if any, or the names of the coowners and the address of the first-name coowner,[3] (2) enter the issue date in the right-hand portion of the note in the space provided for that purpose, and (3) imprint thereunder, by use of the agent's validating stamp for the issue of U.S. Savings Bonds, the date the note is actually inscribed. A note shall be valid only if an authorized issuing agent receives payment therefor and duly inscribes, dates, stamps, and delivers it.

(e) *Stock for notes issued on and after June 1, 1968.* Savings note stock in use prior to June 1, 1968, will be used for notes issued hereunder until such time as new stock is printed and supplied to issuing agents. The new investment yield and redemption values shall apply to such notes as fully as if expressly set forth in the text. They will be redeemed by all paying agents at the redemption values in Table 1. Accordingly, it is not necessary for owners to exchange notes on old stock when the new stock is available, but they may do so if they wish by presenting notes issued on and after June 1, 1968, on old stock to any Federal Reserve Bank or Branch, or to the Bureau of the Public Debt, Washington, DC 20226.

[Dept. Circ., Pub. Debt Series No. 3-67, Rev., 33 FR 11259, Aug. 8, 1968, 33 FR 11539, Aug. 14, 1968, as amended at 39 FR 26248, July 17, 1974]

§ 342.2a Extended terms and improved yields for outstanding notes.

(a) *Extended maturity periods.* The terms "extended maturity period" and "second extended maturity period", when used herein, refer to the 10-year intervals after the original maturity dates during which owners may retain their savings notes and continue to earn interest on the maturity values or the extended maturity values.[4] No special action is required of owners desiring to take advantage of any extensions heretofore or herein granted.[5] All savings notes may be retained for two extended maturity periods.

(b) *Improved yields.* Commencing with the first semiannual interest accrual period that begins on or after November 1, 1982, the investment yield on outstanding savings notes will be the greater of either the guaranteed minimum investment yield or a market-based variable investment yield as follows:

(1) *Guaranteed minimum investment yield.* Savings notes will provide a guaranteed minimum investment yield of 8.5 percent per annum, compounded semiannually, for the remaining period to their next extended maturity date and 7.5 percent per annum, compounded semiannually, during any future authorized ex-

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[2] These provisions also apply to notes which may bear issue dates subsequent to June 1970.

[3] When placing a taxpayer identifying number (an individual's social security account number) on a note, the issuing agent should place the number on the note in the same position as on the companion Series E bond.

[4] The redemption value of any note at the original and each extended maturity date is the base, in each instance, upon which interest will accrue during the period following.

[5] The tables incorporated herein, arranged according to issue dates, show current redemption values and investment yields.

tended maturity period beginning on or after November 1, 1982, unless such yield is changed prior to the beginning of such future extended period. If a savings note is held for the 11-year period from the first semiannual interest accrual period that began on or after January 1, 1980, its guaranteed minimum yield for such period will be increased by ½ of 1 percent per annum, compounded semiannually.

(2) *Market-based variable investment yield.* If a savings note is held for the 5-year period commencing with the first semiannual interest accrual period beginning on or after November 1, 1982, its market-based variable investment yield to each semiannual interest accrual date occurring on and after November 1, 1982, will be determined by the Secretary of the Treasury as follows: For each 6-month period, starting with the period beginning May 1, 1982, the average market yield on outstanding marketable Treasury securities with a remaining term to maturity of approximately 5 years during such period will be determined. The market-based variable investment yield for a note from the first semiannual interest period starting on or after November 1, 1982, to its semiannual interest accrual date 5 years thereafter, and to each succeeding semiannual accrual date, will be 85 percent, rounded to the nearest one-fourth of 1 percent, of the arithmetic average of the so determined market yield averages for the appropriate number of 6-month periods involved, starting with the period beginning May 1, 1982. The determination of average market yields by the Secretary of the Treasury or his delegate shall be final and conclusive.

(c) *Tables of redemption values.* Tables showing the established redemption values and investment yields for interest accrual dates occurring less than 5 years from the first semiannual interest accrual period starting on or after November 1, 1982, and the guaranteed minimum investment yields and resulting redemption values for interest accrual dates occurring thereafter, will be available from the Bureau of the Public Debt and Federal Reserve Banks and Branches. The market-based variable investment yield for the period May 1, 1982, to April 30, 1987, as determined under this section, will be announced prior to November 1, 1987, and approximately every 6 months thereafter for successive, additional periods, by notice in the FEDERAL REGISTER, accompanied by tables of the redemption values of notes for the following 6 months, as determined by the applicable market-based variable investment yield or minimum guaranteed investment yields.

[45 FR 21988, Apr. 2, 1980, as amended at 46 FR 49518, Oct. 6, 1981; 47 FR 49274, Oct. 29, 1982]

§ 342.3 Purchase—registration.

(a) *Purchase.* Savings notes in combination with Series E bonds, may be obtained from any authorized issuing agent, or a Federal Reserve Bank or Branch, or the Bureau of the Public Debt, Washington, DC 20226. Payments for the notes may be made in the same manner as payments for U.S. Savings Bonds. Issuing agents will deliver the notes at the time of purchase, or by mail at the risk and expense of the United States, but only within the United States, its territories and possessions, the Commonwealth of Puerto Rico and the Canal Zone. No mail deliveries elsewhere will be made.

(b) *Registration.* On original issue a savings note:

(1) Is limited to registration in the name of a natural person (whether adult or minor), alone or with another natural person as coowner or beneficiary, and

(2) Must be identical in registration to the Series E bond purchased in combination therewith.

§ 342.4 Limitations.

(a) *Purchases*—(1) *Payroll savings plans.* Under a payroll savings plan, withholdings for notes shall not exceed the ratio of $1.08 for the notes to $1 for the Series E bonds and shall not exceed $20.25 per weekly pay period, or $40.50 per biweekly or semimonthly pay period, or $81 per monthly pay period.

(2) *Others.* In combination purchases of notes and Series E bonds, other than under a payroll savings plan, pur-

chases of notes shall not exceed $350 (face amount) a quarter, and in no event shall the annual limitation of $1,350 (face amount) be exceeded.

(b) *Holdings*. Savings notes originally issued to any one person during any one calendar year that may be held by that person at any one time is limited to $1,350 (face amount).

§ 342.5 Taxation.

(a) *General*. For the purpose of determining taxes and tax exemptions, the increment in value represented by the difference between the purchase price and the redemption value received for a savings note will be considered as interest. The interest is subject to all taxes imposed under the Internal Revenue Code of 1954. The notes are subject to estate, inheritance, gift, or other exercise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

(b) *Federal income tax on notes*. An owner of savings notes who is a cash basis taxpayer may use either of two methods for reporting the increase in the redemption value of the notes for Federal income tax purposes, as follows:

(1) Defer reporting of the increase to the year of final maturity, actual redemption, or other disposition, whichever is earlier; or

(2) Elect to report the increase for the year in which it accrues, in which case the election will apply also to all Series E bonds then owned by him and those thereafter acquired, as well as to any other similar obligations sold on a discount basis.

If the method in paragraph (b)(1) of this section is used, the taxpayer may change to the method in paragraph (b)(2) of this section without obtaining permission from the Internal Revenue Service. However, once the election to use the method in paragraph (b)(2) of this section is made, the taxpayer may not change the method of reporting, unless he obtains permission to do so from the Internal Revenue Service. Inquiries requesting further information on Federal taxes should be addressed to the District Director, Internal Revenue Service, of the taxpayer's district, or the Internal Revenue Service, Washington, DC 20224.

[33 FR 11259, Aug. 8, 1968, as amended at 36 FR 9512, May 26, 1971]

§ 342.6 Payment or redemption.

(a) *General*. At any time 1 year or more after the issue date, a saving note may be redeemed upon presentation and surrender of the note with a duly executed request for payment to any Federal Reserve Bank or Branch, or the Bureau of the Public Debt, Washington, DC 20226, or to any financial institution which has been designated as paying agent by the Secretary of the Treasury.

(b) *Judgment creditors*. Payment of a savings note to the purchaser at a sale under a levy or to the officer authorized to levy upon the property of the owner under appropriate process to satisfy a money judgment will not be made until 1 year after the issue date of the note.

§ 342.7 Governing regulations.

Savings notes are subject to the regulations of the Treasury Department, now or hereafter prescribed, governing U.S. Savings Bonds, contained in Department Circular No. 530, current revision (Part 315 of this chapter),[8] except as otherwise specifically provided herein.

[Dept. Circ., Pub. Debt Ser. No.3-67, Rev., 33 FR 11259, Aug. 8, 1968; 33 FR 11539, Aug. 14, 1968, as amended at 45 FR 21988, Apr. 2, 1980; 45 FR 32301, May 16, 1980]

§ 342.8 Fiscal agents.

Federal Reserve Banks and Branches, as fiscal agents of the United States, are authorized to perform such services as may be requested of them by the Secretary of the Treasury in connection with the issue, delivery, redemption, and payment of savings notes.

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[8] Copies may be obtained from any Federal Reserve Bank or Branch, or the Bureau of the Public Debt, Washington, DC 20226, or the Bureau of the Public Debt, 200 Third Street, Parkersburg, West Virginia 26101.

§ 342.9 Reservations.

(a) *Issue of notes.* The Secretary of the Treasury reserves the right to reject any application for purchase of savings notes, in whole or in part, and to refuse to issue or permit to be issued hereunder any such notes in any case or any class or classes of cases if he deems such action to be in the public interest, and his action in any such respect shall be final.

(b) *Terms of offer.* The Secretary of the Treasury may at any time or from time to time supplement or amend the terms of this offering of notes, or of any amendments or supplements thereto.

PART 343—OFFERING OF UNITED STATES MORTGAGE GUARANTY INSURANCE COMPANY TAX AND LOSS BONDS

Sec.
343.0 Offering of bonds.
343.1 Description of bonds.
343.2 Purchase.
343.3 Redemption.
343.4 Taxation.
343.5 Reissue.
343.6 General provisions.

AUTHORITY: 5 U.S.C. 301, sec. 832, 81 Stat. 777; 26 U.S.C. 832, sec. 26, 81 Stat. 778; 31 U.S.C. 757c-3.

SOURCE: Department Circular, Public Debt Series No. 3-68, 33 FR 4798, Mar. 21, 1968, unless otherwise noted.

§ 343.0 Offering of bonds.

The Secretary of the Treasury, under the authority of the Second Liberty Bond Act, as amended, and pursuant to section 832(e) of the Internal Revenue Code of 1954, offers for sale to, and only to, companies organized and engaged in the business of writing mortgage guaranty insurance within the United States, bonds of the United States designated as Mortgage Guaranty Insurance Company Tax and Loss Bonds, hereinafter referred to as "tax and loss bonds." This offering will continue until terminated by the Secretary of the Treasury.

§ 343.1 Description of bonds.

(a) *General.* Tax and loss bonds will be issued in registered form only and in the exact amount paid by the purchaser. The bonds will not earn interest and may not be transferred by sale, exchange, assignment, pledge or otherwise. They may be reissued as provided in § 343.5.

(b) *Term.* Tax and loss bonds will mature 10 years from their issue date and will not be subject to call for redemption prior to maturity.

(c) *Dating.* Tax and loss bonds will be issued as of the date of receipt of an application for issue and remittance by the Bureau of the Public Debt or a Federal Reserve Bank or Branch, except that all bonds purchased during the month of March 1968 will be dated March 15, 1968. An application received from a commercial bank for a customer will be treated as though received on the date shown on its postmark, if the purchase price is transmitted by credit to its Treasury Tax and Loan Account and the Certificate of Advice is dated on or prior to that date.

§ 343.2 Purchase.

(a) Tax and loss bonds may be purchased over the counter or by mail from the Bureau of the Public Debt, Washington, DC 20226, or the Federal Reserve Banks and Branches, which will furnish application forms for the purchase of such bonds upon request. An application properly completed and accompanied by a remittance for the full amount of the bond applied for must be received by the Bureau of the Public Debt or a Federal Reserve Bank or Branch before a bond will be issued. Any form of exchange will be accepted subject to collection.

(b) Banking institutions, generally, may submit applications for customers, but only the Federal Reserve Banks and Branches and the Bureau of the Public Debt are authorized to act as official agencies. Remittance of the purchase price may be made through credit to Treasury Tax and Loan Accounts.

§ 343.3 Redemption.

Tax and loss bonds may not be called for redemption by the Secretary of the Treasury prior to maturity, but may be redeemed in whole or in part at the owner's option at any time after

3 months from issue date. To obtain redemption, a bond with the assignment for redemption properly completed and executed must be presented to the Bureau of the Public Debt, Washington, DC 20226. Payment will be in accordance with the instruction in the assignment for redemption. The District Director of the Internal Revenue District in which the owner's principal place of business is located will be furnished a copy of the redemption advice. Upon partial redemption of a bond, the remainder will be reissued as of the original issue date.

§ 343.4 Taxation.

Tax and loss bonds will be exempt from all taxation now or hereafter imposed on the principal by any state or any possession of the United States or of any local taxing authority.

§ 343.5 Reissue.

(a) *General.* Reissue of a bond may be made only under the conditions specified in the regulations in this part. A request for reissue must be made by an officer of the owner authorized to assign the bond for redemption. An appropriate form may be obtained from the Bureau of the Public Debt, Washington, DC 20226. A reissued bond, upon reissue, will bear the same issue date as the original bond.

(b) *Correction of error.* The reissue of a bond may be made to correct an error in the original issue upon appropriate request supported by satisfactory proof of error.

(c) *Change of name.* An owner whose name is changed in any legal manner after the issue of the bond should submit the bond with a request for reissue, to substitute the new name for the name inscribed on the bond. The signature on the request for reissue should show the new name, the manner in which the change was made and the former name, and must be supported by satisfactory proof of the change of name.

(d) *Legal succession.* A bond registered in the name of a company which has been succeeded by another company as the result of a merger, consolidation, incorporation, reincorporation, conversion, or reorganization, or which has been lawfully succeeded in any manner whereby the business or activities of the original organization are continued without substantial change will be paid to or reissued in the name of the successor upon appropriate request on its behalf, supported by satisfactory evidence of successorship.

§ 343.6 General provisions.

(a) *Regulations.* All tax and loss bonds shall be subject to the general regulations prescribed by the Secretary of the Treasury with respect to U.S. securities which are set forth in the Treasury Department Circular No. 300, current revision, to the extent applicable. Copies of the general regulations may be obtained upon request from the Bureau of the Public Debt, Washington, DC 20226.

(b) *Fiscal agents.* Federal Reserve Banks and Branches, as fiscal agents of the United States, may be authorized to perform such services as may be requested of them by the Secretary of the Treasury in connection with the issue, delivery, redemption, reissue, and payment of tax and loss bonds.

(c) *Reservations.* The Secretary of the Treasury may at any time, or from time to time, supplement or amend the terms of this circular or any amendments or supplements thereto.

PART 344—REGULATIONS GOVERNING UNITED STATES TREASURY CERTIFICATES OF INDEBTEDNESS—STATE AND LOCAL GOVERNMENT SERIES, UNITED STATES TREASURY NOTES—STATE AND LOCAL GOVERNMENT SERIES, AND UNITED STATES TREASURY BONDS—STATE AND LOCAL GOVERNMENT SERIES

Sec.
344.0 Offering of securities.
344.1 Description of securities.
344.2 Subscription for purchase.
344.3 Issue date and payment.
344.4 Redemption.
344.5 General provisions.

AUTHORITY: 26 U.S.C. 103 (a) and (d), 83 Stat. 656; 31 U.S.C. 752, 753, 754c, and 5 U.S.C. 301.

SOURCE: 42 FR 64846, Dec. 28, 1977, unless otherwise noted.

§ 344.0 Offering of securities.

In order to provide States, municipalities and other government bodies described in section 103(a)(1) of the Internal Revenue Code, and the regulations issued under section 103, with investments tailored to their needs under those provisions, the Secretary of the Treasury offers for sale thereto, under the authority of the Second Liberty Bond Act, as amended.

(a) U.S. Treasury Certificates of Indebtedness—State and Local Government Series;

(b) U.S. Treasury Notes—State and Local Government Series; and

(c) U.S. Treasury Bonds—State and Local Government Series.

The term "government body", as used herein, refers to any one of the entities to which section 103(a)(1) is applicable. The term "securities", as used herein, refers jointly to certificates, notes and bonds. This offering will continue until terminated by the Secretary of the Treasury.

§ 344.1 Description of securities.

(a) *General.* The securities will be issued in book-entry form on the books of the Department of the Treasury, Bureau of the Public Debt, Washington, DC 20226. They may not be transferred by sale, exchange, assignment or pledge, or otherwise.

(b) *Terms*—(1) *Certificates of Indebtedness.* The certificates will be issued in a minimum of $1,000, or in any larger amount in multiples of $100, with maturity periods fixed, at the option of the government body, from 45 days up to one year, or for any intervening period.

(2) *Notes.* The notes will be issued in the minimum amount of $1,000, or in any larger amount in multiples of $100, with maturity periods fixed, at the option of the government body, from one year and one day up to and including ten years, or for any intervening period.

(3) *Bonds.* The bonds will be issued in the minimum amount of $1,000, or in any larger amount in multiples of $100, with maturity periods fixed, at the option of the government body from ten years and one day or for any longer period specified by year, month and day, not to exceed 40 years.

(c) *Rates of interest.* Each certificate, note or bond will bear such rate of interest as the government body shall designate: ***Provided, however,*** That it shall not be more than one-eighth of 1 percent below the then current Treasury rate on a security of comparable maturity. Interest on certificates will be computed on an annual basis and will be payable at maturity with the principal amount. Interest on notes and on bonds will be paid beginning on any interest payment date requested in the subscription form, and on a semiannual basis thereafter to maturity.[1] If the date requested for the first interest payment is less than 45 days from the date of issue, no assurance can be given that such payment will be timely made. The final interest payment on notes and bonds shall coincide with their maturity and will be paid with the principal. The applicable maximum interest rates for each week may be determined from tables which will be generally available no earlier than the first business day of that week at Federal Reserve Banks and Branches. The rate tables will be effective for all subscriptions actually received by the Banks and Branches during the week to which the tables apply, or, where mailed, by the stamp date. All subscriptions submitted by mail must be sent by certified or registered mail.

§ 344.2 Subscription for purchase.

(a) A government body may purchase securities under this offering by submitting a subscription and making payment therefor to a Federal Reserve Bank or Branch. The subscription, dated and signed by an official authorized to make the purchase, must show the amounts, issue dates, maturities, and, on the basis of the applicable table, specify the interest rates of the securities desired; the semiannual interest payment dates (in the case of notes and bonds); and, the title(s) of the designated official(s) authorized to request early redemption of such securities. Subscriptions submitted for certificates, notes and bonds must separately itemize securities for each maturity and each interest rate. Each subscriber will be required to certify that the total investment:

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[1] If the first interest payment date on a note or bond is March 31, May 31, August 29, 30 and 31, October 31, or December 31, the alternate semiannual interest payment date will be September 30, November 30, February 28 (February 29 in leap year), April 30 or June 30, respectively. Otherwise, interest payment will be made on numerically corresponding dates at six-month intervals.

(1) Consists only of the proceeds of obligations described in section 103(a) of the Internal Revenue Code, and (2) is not more nor less, within authorized multiples ($1,000 minimum and increments of $100 over such amount) of such proceeds, subject to yield restrictions under section 103(c) of the Code, and the regulations issued thereunder, except for any portion thereof required for payment due less than 45 days from the date settlement is made for the securities subscribed for.

(b) Where a commercial bank submits a subscription on behalf of a government body, it must certify that it is acting under the latter's specific authorization; ordinarily, evidence of such authority will not be required. Subscriptions submitted by an agent other than a commercial bank must be accompanied by evidence of the agent's authority to act. Such evidence must describe the nature and scope of the agent's authorization, the legal authority under which the agent was designated, and relate by its terms to the investment action being undertaken. Subscriptions unsupported by such evidence will not be accepted.

§ 344.3 Issue date and payment.

The subscriber shall fix the issue date of each security for which a subscription has been submitted, but in no case may such date exceed by more than 60 calendar days either the date of receipt of the subscription at the Federal Reserve Bank or Branch to which it was submitted or, where mailed, the stamp date thereof. Full payment for each subscription in immediately available funds must be made on the date of issue, or at any time prior thereto. Except in cases where failure to complete a subscription is established to have been due to circumstances not foreseen or contemplated, any subscriber which fails to make timely payment for its subscription will be ineligible thereafter to subscribe for securities under this offering for a period of not less than six months. A subscriber may cancel a paid subscription within 30 days of the issue date, in which event the purchase price, without interest, will be refunded. No substitute subscription therefor will be accepted for a period of six months.

§ 344.4 Redemption.

(a) *At maturity.* A security may not be called for redemption by the Secretary of the Treasury prior to maturity. Upon the maturity of a security, the Treasury will make payment of the principal amount and interest to the owner thereof:

(1) By a direct credit for its account through a member bank of the Federal Reserve System, (2) by Treasury check, or (3) in accordance with other prior arrangements made by the subscriber with the Bureau of the Public Debt.

(b) *Prior to maturity.* A security may be redeemed at the owner's option on one week's notice after 45 days from the issue date in the case of a certificate, and after one year from the issue date in the case of a note or bond. Where redemption prior to maturity occurs, the interest for the entire period the security was outstanding shall be calculated on the basis of the lesser of:

(1) The original interest rate at which the security was issued, or (2) the interest rate that would have applied had the term for the security actually been for the shorter period. There shall be deducted from the redemption proceeds, if necessary, any overpayment of interest resulting from previous payments at a higher rate based on the original longer period to maturity. In addition, a penalty shall be assessed in all cases where the current borrowing costs to the Department of the Treasury for the remaining period to original maturity of the security prematurely redeemed exceeds the rate of interest

originally fixed for such security. The difference between the two rates shall be the applicable penalty. It shall be assessed by deducting from the redemption proceeds the amount required to offset the increased costs to finance the amount being redeemed. Where a note or bond is being redeemed prior to maturity, its redemption will be effected only as of an interest payment date; no interest will be paid for any fractional part of an interest period. A notice to redeem a security prior to the maturity date must be given by the official(s) authorized to redeem it, as shown on the subscription form, to the Bureau of the Public Debt, Division of Securities Operations, Washington, DC 20226, by letter or wire or by telephone confirmed by wire. The telephone number is (202) 447-1288.

§ 344.5 General provisions.

(a) *Regulations.* U.S. Treasury Certificates of Indebtedness—State and Local Government Series, U.S. Treasury Notes—State and Local Government Series, and U.S. Treasury Bonds—State and Local Government Series, shall be subject to the general regulations with respect to U.S. securities, which are set forth in the Department of the Treasury Circular No. 300, current revision (31 CFR Part 306), to the extent applicable. Copies of the circular may be obtained from the Bureau of the Public Debt, Washington, DC 20226, or a Federal Reserve Bank or Branch.

(b) *Fiscal agents.* Federal Reserve Banks and Branches, as fiscal agents of the United States, are authorized to perform such services as may be requested of them by the Secretary of the Treasury in connection with the purchase of, and transactions in, the securities.

(c) *Reservations.* The Secretary of the Treasury reserves the right to reject any application for the purchase of securities hereunder, in whole or in part, and to refuse to issue or permit to be issued any such securities in any case or any class or classes of cases if he deems such action to be in the public interest, and his action in any such respect shall be final. The Secretary of the Treasury may also at any time, or from time to time, supplement or amend the terms of these regulations, or of any amendments or supplements thereto.

PART 345—REGULATIONS GOVERNING 5 PERCENT TREASURY CERTIFICATES OF INDEBTEDNESS—R.E.A. SERIES

Sec.

345.0 Offering of certificates.
345.1 Description of certificates.
345.2 Subscription for purchase.
345.3 Issue date and payment.
345.4 Redemption/reinvestment.
345.5 Taxation.
345.6 General provisions.

Authority: 31 U.S.C. 754 and 754b; 5 U.S.C. 301.

Source: 38 FR 35306, Dec. 27, 1973, unless otherwise noted.

§ 345.0 Offering of certificates.

The Secretary of the Treasury, under the authority of the Second Liberty Bond Act, as amended, offers to borrowers from the Rural Electrification Administration and Rural Telephone Bank, U.S. Department of Agriculture, 5 Percent Treasury Certificates of Indebtedness—R.E.A. Series. This offering will continue until terminated by the Secretary of the Treasury.

§ 345.1 Description of certificates.

(a) *General.* The certificates of indebtedness will be issued in book-entry form on the books of the Department of the Treasury, Bureau of the Public Debt, Washington, DC 20226. They may not be transferred by sale, exchange, assignment or pledge, or otherwise.

(b) *Terms and rates of interest.* The certificates, bearing interest at the rate of 5 percent per annum, will be issued in multiples of $1,000 and will mature one year from issue date. Interest on the certificates will be computed on an annual basis and, unless redeemed prior to maturity, will be payable six months from issue date and at maturity. Interest may be paid to an owner by having the amount thereof credited by a Federal Reserve Bank or Branch, acting as fiscal agent of the United States, to the reserve account of a member bank servicing such owner and for the latter's account. Such action will be taken at the owner's option. If not exercised, payment of interest will be made by Treasury check.

[38 FR 35306, Dec. 27, 1973, as amended at 40 FR 29846, July 16, 1975]

§ 345.2 Subscription for purchase.

The recipient of a 5 percent loan from the Rural Electrification Administration or Rural Telephone Bank may subscribe for certificates under this offering, up to the amount of the unexpended portion of the loan, by submitting a subscription, together with the remittance, to the Federal Reserve Bank or Branch of the district in which the subscriber is located. The subscription form must show the amount of certificates desired, and give the title of the designated official of the subscriber authorized to redeem them.

[40 FR 29846, July 16, 1975]

§ 345.3 Issue date and payment.

The issue date of a certificate shall be the date on which the subscription form, and funds in full payment therefor, are received by the office described in § 345.2. A confirmation of the issuance, in the form of a written advice, which shall specify the amount and describe the certificates by title and maturity date, shall be issued to the subscriber.

§ 345.4 Redemption/reinvestment.

(a) *At maturity.* A certificate may not be called for redemption by the Secretary of the Treasury prior to maturity except when the amount of the unexpended portion of the loan from the Rural Electrification Administration or Rural Telephone Bank is less than the face amount of the certificate. Unless the Treasury has received from the owner, at least one week prior to the maturity date of a certificate, a written request for payment at maturity, it shall automatically redeem the same at maturity, and reinvest in the owner's name the principal amount in a new certificate having the same description in all material respects as the one redeemed. No such automatic reinvestment shall be made, however, in excess of the amount of the unexpended portion of the loan from the Rural Electrification Administration or the Rural Telephone Bank.

(b) *Prior to maturity.* A certificate may be redeemed prior to maturity at par and accrued interest at the owner's option on one week's notice in writing after one month from the issue date. A certificate issued upon reinvestment, as provided in paragraph (a) of this section, shall not be subject to the one-month holding period. A notice to redeem a certificate prior to its maturity date must be given by the official authorized to redeem it, as shown in the subscription for purchase, to the Bureau of the Public Debt, Division of Securities Operations, Washington, DC 20226, by letter or wire.

§ 345.5 Taxation.

The income derived from the certificates is subject to all taxes imposed under the Internal Revenue Code of 1954. The certificates are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State or any of the possessions of the United States, or by any local taxing authority.

[40 FR 29846, July 16, 1975]

§ 345.6 General provisions.

(a) *Regulations.* Five Percent Treasury Certificates of Indebtedness—R.E.A. Series shall be subject to the general regulations with respect to United States securities, which are set forth in the Department of the Treasury Circular No. 300, current revision (31 CFR Part 306), to the extent applicable. Copies of the circular may be obtained from the Bureau of the Public Debt, Department of the Treasury, Washington, DC 20226, or a Federal Reserve Bank or Branch.

(b) *Reservations.* The Secretary of the Treasury reserves the right to reject any application for the purchase of certificates hereunder, in whole or in part, and to refuse to issue or permit to be issued any such certificates in any case or any class or classes of cases if he deems such action to be in the public interest, and his action in any such respect shall be final. The Secretary of the Treasury may also at any time, or from time to time, supplement or amend the terms of these regulations, or of any amendments or supplements thereto.

[38 FR 35306, Dec. 27, 1973. Redesignated at 40 FR 29846, July 16, 1975]

PART 346—REGULATIONS GOVERNING UNITED STATES INDIVIDUAL RETIREMENT BONDS

Sec.

346.0 Offering of bonds.
346.1 Description of bonds.
346.2 Registration.
346.3 Purchase of bonds.
346.4 Proof of purchase.
346.5 Limitation on holdings.
346.6 Nontransferability.
346.7 Judicial proceedings.
346.8 Payment or redemption during lifetime of owner.
346.9 Payment or redemption after death of owner.
346.10 Reissue.
346.11 Use of power of attorney.
346.12 Lost, stolen, or destroyed bonds.
346.13 Taxation.
346.14 Certifying officers.
346.15 General provisions.

APPENDIX—TABLES

AUTHORITY: Sec. 2002, Pub. L. 93-406, 88 Stat. 958 (31 U.S.C. 738a, 752, 754b); 5 U.S.C. 301.

SOURCE: 40 FR 4240, Jan. 28, 1975, unless otherwise noted.

§ 346.0 Offering of bonds.

The Secretary of the Treasury, under the authority of the Second Liberty Bond Act, as amended, and pursuant to the Employee Retirement Income Security Act of 1974, offers for sale, beginning January 1, 1975, bonds of the United States, designated as United States Individual Retirement Bonds. The bonds will be available for investment only to individuals eligible to make deductions on their Federal income tax returns for retirement savings, as provided in section 2002 of the latter Act. This offering of bonds will terminate on April 30, 1982.

[40 FR 4240, Jan. 28, 1975, as amended at 47 FR 18596, Apr. 30, 1982]

§ 346.1 Description of bonds.

(a) *Investment yield (interest).* United States Individual Retirement Bonds, hereinafter sometimes referred to as Individual Retirement Bonds, will be issued at par. The investment yields (interest) are as follows:

(1) Bonds with issue dates of January 1, 1975, through July 1, 1979—6 percent per annum, compounded semiannually (see Table of Redemption Values in the appendix).

(2) Bonds with issue dates of August 1, 1979, through October 1, 1980—6.5 percent per annum, compounded semiannually (see Table A in the appendix).

(3) Bonds with issue dates of November 1, 1980, through September 1, 1981—8 percent per annum, compounded semiannually (see Table B).

(4) Bonds with issue dates of October 1, 1981, or thereafter—9 percent per annum, compounded semiannually (see Table C).

Interest will be paid only upon redemption of the bonds. The accrual of interest will continue until the bonds are redeemed or have reached maturity, whichever is earlier, in accordance with these regulations.

(b) *Term.* The maturity date of any bond issued under this circular shall be the first day of the month in which the registered owner thereof has attained the age of 70½ years, or five years after the date of his death, but no later than the first day of the month in which he would have attained the age of 70½ years, if he had lived. Unless sooner redeemed in accordance with these regulations, the investment yield on a bond will cease on the interest accrual date coinciding with, or, where no such coincidence occurs, the interest accrual date next preceding:

(1) The first day of the seventh (7th) month following the 70th anniversary of the birth of the person in whose name it is registered, or (2) the first day of the sixtieth (60th) month following the date of death of the person in whose name it is registered, except that such date shall be no later than the date on which he would have attained the age of 70½ years, had he lived.

(c) *Denominations--issue date.* Individual Retirement Bonds will be available only in registered form and in denominations of $50, $75, $100 and $500. At the time of issue, the issuing agent will enter in the upper right-hand portion of the bond the *issue date* (which shall be the first day of the month and year in which payment of the purchase price is received by an authorized issuing agent), and will imprint the agent's validating stamp in the lower right-hand portion. The issue date, as distinguished from the date in the agent's validating stamp, will determine the date from which interest will begin to accrue on the bond. An Individual Retirement Bond shall be valid only if an authorized issuing agent receives payment therefor, duly inscribes, dates, stamps, and delivers it.

[40 FR 4240, Jan. 28, 1975, as amended at 42 FR 37520, July 21, 1977; 46 FR 60577, Dec. 11, 1981]

§ 346.2 Registration.

(a) *General.* The registration of Individual Retirement Bonds is limited to the names of natural persons in their own right, whether adults or minors, in either single ownership or beneficiary form. A bond registered in the beneficiary form will be inscribed substantially as follows (for example): "John A. Doe payable on death to (*or* P.O.D.) Richard B. Roe." No more than one beneficiary may be designated on a bond.

(b) *Inscription.* The inscription on the face of each bond will show the name, address, date of birth, and the social security account number of the registered owner. The name of the beneficiary, if one is to be designated, together with his social security account number, where available, will also be shown in the inscription.

§ 346.3 Purchase of bonds.

(a) *Agencies.* Individual Retirement Bonds may be purchased over-the-counter or by mail from Federal Reserve Banks and Branches and the Bureau of the Public Debt, Securities Transactions Branch, Washington, DC 20226. Customers of commercial banks and trust companies may be able to arrange for the purchase of the bonds through such institutions, but only the Federal Reserve Banks and Branches, and the Department of the Treasury itself, are authorized to issue the securities. The date of receipt of the application and payment by such issuing agencies will govern the dating of the bonds issued.

(b) *Applications.* Applications for the purchase of Individual Retirement Bonds should be made on Form PD 4345, accompanied by a remittance to cover the purchase price. Personal checks will be accepted, subject to collection. Checks, or other forms of exchange, should be drawn to the order of the Federal Reserve Bank or the U.S. Treasury, as the case may be. Checks payable by endorsement are not acceptable.

(c) *Delivery.* Delivery of bonds will be made in person, or by mail at the risk and expense of the United States at the address given by the purchaser, but only within the United States, its territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone. No mail deliveries elsewhere will be made. If the registered owner temporarily resides abroad, the bonds will be delivered to such address in the United States as the purchaser directs.

§ 346.4 Proof of purchase.

At the time an Individual Retirement Bond is issued, the issuing agent will furnish therewith to the purchaser a copy of Form PD 4345 for the purchaser's personal records. The form will show the name and address of the registered owner, his date of birth, social security account number, the number of bonds issued, a description thereof by issue date, serial numbers, denominations, and registration.

§ 346.5 Limitation on holdings.

(a) Except as provided in paragraph (b) of this section, the amount of Individual Retirement Bonds which may be registered in any one individual's name is limited to the amount for which an annual deduction may be taken under either section 219 or 220 of the Internal Revenue Code.[1] These limitations are as follows:

(1) In the case of an individual electing to deduct his or her bond purchase under section 219, the face amount of bonds purchased for tax deduction in any given year may not exceed 15 percent of the individual's earned income for that year or $1,500, whichever is less.

(2) In the case of an individual electing to deduct his or her bond purchases under section 220, the total face amount of bonds purchased for tax deduction in any given year in the name of the individual and in the name of his or her nonworking spouse, may not exceed 15 percent of the working spouse's earned income for that year or $1,750, whichever is less.[2]

(b) The above limitations do not apply to rollover bond purchases, as described in sections 402(a)(5), 403(a)(4), or 408(d)(3) of the Internal Revenue Code.

(26 U.S.C. 220 and 31 U.S.C.)

[42 FR 37520, July 21, 1977]

§ 346.6 Nontransferability.

United States Individual Retirement Bonds are not transferable, and may not be sold, discounted or pledged as collateral for a loan or as security for the performance of an obligation, or for any other purpose.

§ 346.7 Judicial proceedings.

No judicial determination will be recognized which would give effect to an attempted voluntary transfer inter vivos of an Individual Retirement Bond. Otherwise, a claim against a registered owner will be recognized when established by valid judicial proceedings, but in no case will payment be made to the purchaser at a sale under a levy or to the officer authorized to levy upon the property of the owner under appropriate process to satisfy a money judgment unless or until the bond has become eligible for authorized redemption pursuant to these regulations. Neither the Department of the Treasury nor any of its agencies will accept notices of adverse claims or of pending judicial proceedings or undertake to protect the interests of litigants who do not have possession of the bond.

§ 346.8 Payment or redemption during lifetime of owner.

(a) *During first 12 months of issue date.* An Individual Retirement Bond is redeemable at any time during the first twelve (12) months of its issue date. No interest will be paid on any bond so redeemed.

(b) *Prior to age 59½.* (1) *With penalty.* Unless redeemed within twelve months of its issue, or except as provided under paragraphs (b)(2) and (c)(2) of this section, if an Individual Retirement Bond is cashed by its owner before he attains age 59½, he must include on his Federal income tax return for the year of redemption the value of the bond. In addition, there is an additional income tax equal to 10 percent of the value of the bond imposed by section 409(c) of the Internal Revenue Code of 1954.

(2) *In case of disability.* An Individual Retirement Bond will be paid at its then current redemption value upon a registered owner's request (or by a person recognized as entitled to act on his behalf) prior to his attainment of age 59½ years upon submission of a physician's statement or any similar evidence showing that the owner has become disabled to such an extent that he is unable to engage in any substantial, gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. The following are examples of impairments which would ordinarily be considered as preventing substantial, gainful activity:

(i) Loss of use of two limbs.

(ii) Certain progressive diseases which have resulted in the physical loss or atrophy of a limb, such as diabetes, multiple sclerosis, or Buerger's disease.

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[1] NOTE: Under the Internal Revenue Code, bonds issued during any given year or within 45 days thereafter may be deducted in that year.

[2] NOTE: Code Section 220 requires, in effect, that the total IRA contributions in each spouse's name to be deducted in any one year be in equal amounts. While it is permissible for an eligible married couple to utilize several different forms of IRA investments within the same year, this means that couples investing solely in bonds must purchase equal amounts of bonds in each spouse's name.

(iii) Disease of the heart, lungs, or blood vessels which have resulted in major loss of heart or lung reserve as evidenced by X-ray, electrocardiogram, or other objective findings, so that despite medical treatment breathlessness, pain, or fatigue is produced on slight exertion, such as walking several blocks, using public transportation, or doing small chores.

(iv) Cancer which is inoperable and progressive.

(v) Damage to the brain or brain abnormality which has resulted in severe loss of judgment, intellect, orientation, or memory.

(vi) Mental diseases (*e.g.*, psychosis or severe psychoneurosis) requiring continued institutionalization or constant supervision of the individual.

(vii) Loss or diminution of vision to the extent that the effected individual has a central visual acuity of not better than 20/200 in the better eye after best correction, or has a limitation in the fields of vision such that the widest diameter of the visual fields subtends an angle no greater than 20 degrees.

(viii) Permanent and total loss of speech.

(ix) Total deafness uncorrectible by a hearing aid.

In any case coming under the provisions hereof, the evidence referred to above must be submitted to the Bureau of the Public Debt, Division of Transactions and Rulings, Parkersburg, West Virginia 26101, for approval before any bonds may be paid. If, after review of the evidence, the Secretary of the Treasury is satisfied that the owner's disability has been established a letter will be furnished authorizing payment of his Individual Retirement Bonds. This letter must be presented each time any of the owner's bonds are submitted for payment to a Federal Reserve Bank or Branch or to the Department of the Treasury.

(c) *Prior to age 70½*—(1) *General.* An Individual Retirement Bond will be redeemable at its current redemption value upon the request of the registered owner (or a person recognized as entitled to act on his behalf), provided he is 59½ years of age or older. The owner's age will be determined from the date of birth shown on the face of the bond, provided, however, that the Secretary of the Treasury reserves the right in any case or class of cases to require proof, in the form of a duly certified copy of his birth certificate, that the owner has attained the age of 59½ years. If such evidence is unavailable, one of the following documents may be furnished in lieu thereof:

(i) Church records of birth or baptism

(ii) Hospital birth record or certificate

(iii) Physician's or midwife's birth record

(iv) Certification of Bible or other family records

(v) Military, naturalization or immigration records

(vi) Other evidence of probative value.

Similar documentary evidence will also be required to support any claim made by an owner that the date of birth shown on his bond is incorrect.

(2) *For change of investment.* Under section 409(b)(3)(c) of the Internal Revenue Code, if an Individual Retirement Plan Bond is cashed at any time before the end of the taxable year in which the owner attains age 70½, and the entire redemption proceeds are transferred to an individual retirement account, an individual annuity, an employees' trust, or annuity plan, as described in sections 408(a), 408(b), 401(a) and 403(a), respectively, of the Internal Revenue Code, on or before the 60th day after receipt of such proceeds, they shall be excluded from gross income and the transfer shall be treated as a rollover contribution described in section 408(d)(3) of the Internal Revenue Code.

(d) *Requests for payment*—(1) *By owner.* When redemption of any Individual Retirement Bond is desired by the registered owner, it should be presented, with the request for payment on the back of the bond signed and duly certified, to a Federal Reserve Bank or Branch or to the Bureau of the Public Debt, Securities Transactions Branch, Washington, DC 20226.

If payment is requested on account of disability, the letter described in paragraph (b)(2) of this section should accompany the bond.[3]

(2) *By person other than owner.* When redemption of any Individual Retirement Bond is desired by the legal guardian, committee, conservator, or similar representative of the owner's estate, it should be presented, with the request signed as described below, to a Federal Reserve Bank or Branch or to the Department of the Treasury. If payment is requested on account of disability, the letter described in paragraph (b) (2) of this section should accompany the bond.[3] The request for payment, in either case, should be signed by the representative in his fiduciary capacity before an authorized certifying officer, and must be supported by a certificate or a certified copy of the letters of appointment from the court making the appointment, under seal, or other proof of qualification if the appointment was not made by a court. Except in the case of corporate fiduciaries, such evidence should state that the appointment is in full force and should be dated not more than one year prior to the presentation of the bond for payment.

(e) *Partial redemption.* An Individual Retirement Bond in a denomination greater than $50 (face value), which is otherwise eligible for redemption, may be redeemed in part, at current redemption value, upon the request of the registered owner (or a person recognized as entitled to act on his behalf), but only in amounts corresponding to authorized denominations. In any case in which partial redemption is desired, before the request for payment is signed, the phrase "to the extent of $—— (face value) and reissue of the remainder" should be appended to the request. Upon partial redemption of the bond, the remainder will be reissued as of the original issue date. No partial redemption of a bond will be made after the death of the owner in whose name it is registered.

(26 U.S.C. 220 and 31 U.S.C. 757)

[40 FR 4240, Jan. 28, 1975, as amended at 42 FR 37520, July 21, 1977]

§ 346.9 Payment or redemption after death of owner.

(a) *Order of precedence where owner not survived by beneficiary.* If the registered owner of an Individual Retirement Bond dies before it has been presented and surrendered for payment, and there is no beneficiary shown thereon, or if the designated beneficiary predeceased the owner, the bond shall be paid in the following order of precedence:

(1) To the duly appointed executor or administrator of the estate of the owner, who should sign the request for payment on the back of the bond in his representative capacity before an authorized certifying officer, such request to be supported by a court certificate or a certified copy of his letters of appointment, under seal of the court, which should show that the appointment is in full force and effect, and be dated within six months of its presentation;

(2) If no legal representative of the deceased registered owner's estate has been or will be appointed, to the widow or widower of the owner;

(3) If none of the above, to the child or children of the owner and the descendants of deceased children by representation;

(4) If none of the above, to the parents of the owner, or the survivor of them;

(5) If none of the above, to other next-of-kin of the owner, as determined by the laws of the domicile of such owner at the time of his death.

In any case coming under the provisions of this paragraph, a duly certified copy of the registered owner's death certificate will ordinarily be required. Proof of death of the beneficiary, if any, will be required where he predeceased the owner. Payment of bonds under paragraph (a)(1) of this section will be made by a Federal Reserve Bank or by the Bureau of the Public Debt, Securities Transactions Branch, Washington, DC 20226. Payment of bonds under paragraphs (a)(2) through (5) of this section will be made upon receipt of applications on Form PD 3565-1, together with the bonds and supporting evidence, by the Bureau of the Public Debt, Division Transactions and Rulings, Parkersburg, West Virginia 26101.

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[3] In any case in which a legal representative has not been appointed for the estate of a registered owner who has attained the age of 59½ years, or who has become disabled, a person seeking payment of a bond on the owner's behalf should furnish a complete statement of the circumstances to the Bureau of the Public Debt, Division of Securities Operations, Washington, DC 20226. Appropriate instructions will then be furnished.

(b) *Order of precedence where beneficiary survived owner.* If the registered owner of an Individual Retirement Bond dies before it has been presented and surrendered for payment, and the beneficiary shown thereon survived the owner, the bond shall be paid in the following order of precedence:

(1) To the designated beneficiary upon his presentation and surrender of the bond with the request for payment signed and duly certified;

(2) If the designated beneficiary survived the registered owner but failed to present the bond for payment during his own lifetime, payment will be made in the order of precedence specified in paragraphs (a)(1) through (5) of this section to the legal representative, surviving spouse, children, parents, or next-of-kin of such beneficiary, and in the manner provided therein.

In any case coming under the provisions of this subsection, a duly certified copy of the registered owner's death certificate will ordinarily be required. Proof of death of the beneficiary will also be required where he survived the owner but failed to present the bond for payment during his own lifetime. Payment of a bond to a designated beneficiary will be made by a Federal Reserve Bank or by the Bureau of the Public Debt, Securities Transactions Branch, Washington, DC 20226.

(c) *Ownership of redemption proceeds.* The orders of precedence set forth in paragraphs (a) and (b) of this section, except in cases where redemption is made for the account of a registered owner, are for the Department's convenience in discharging its obligation on an Individual Retirement Bond. The discharge of the obligation in accordance therewith shall be final so far as the Department is concerned, but those provisions do not otherwise purport to determine ownership of the redemption proceeds of a bond.

(26 U.S.C. 220 and 31 U.S.C. 757)

[40 FR 4240, Jan. 28, 1975, as amended at 42 FR 37520, July 21, 1977]

§ 346.10 Reissue.

(a) *Addition or change of beneficiary.* An Individual Retirement Bond will be reissued to add a beneficiary in the case of a single ownership bond, or to eliminate or substitute a beneficiary in the case of a bond registered in beneficiary form upon the owner's request on Form PD 3564. No consent will be required to support any reissue transaction from a beneficiary whose name is to be removed from the registration of an Individual Retirement Bond. If the registered owner dies after the bond has been presented and surrendered for reissue, upon receipt of notice thereof by the agency to which the request for reissue was submitted, such request shall be treated as ineffective, provided the notice of death is received by the Federal Reserve Bank or the Bureau of the Public Debt, Division of Transactions and Rulings, Parkersburg, West Virginia 26101, to which the request was sent, in sufficient time to withhold delivery, by mail or otherwise, of the reissued bond.

(b) *Error in issue—change of name.* Reissue of an Individual Retirement Bond will be made where an error in issue has occurred, as well as in cases where the owner's name has been changed by marriage, divorce, annulment, order of court, or in any other legal manner upon an appropriate request. Information as to the procedure to be followed in securing such reissue may be obtained from a Federal Reserve Bank or the Bureau of the Public Debt, Division of Transactions and Rulings, Parkersburg, West Virginia 26101.

(26 U.S.C. 220 and 31 U.S.C. 757)

[40 FR 4240, Jan. 28, 1975, as amended at 42 FR 37520, July 21, 1977]

§ 346.11 Use of power of attorney.

No designation of an attorney, agent, or other representative to request payment or reissue on behalf of the owner, beneficiary, or other person entitled under § 346.9, other than as provided in these regulations, will be recognized.

§ 346.12 Lost, stolen, or destroyed bonds.

If an Individual Retirement Bond is lost, stolen, or destroyed, relief will be granted upon identification of the bond and proof of its loss, theft, or destruction. A description of the bond by denomination, serial number, issue date and registration should be furnished at the time the report of loss, theft, or destruction is made. Such reports should be sent to the Bureau of the Public Debt, Division of Transactions and Rulings, Parkersburg, West Virginia 26101. Full instructions for obtaining substitute bonds, or payment, in appropriate cases, will then be given.

(26 U.S.C. 220 and 31 U.S.C. 757)

[40 FR 4240, Jan. 28, 1975, as amended at 42 FR 37520, July 21, 1977]

§ 346.13 Taxation.

The tax treatment provided under Section 409 of the Internal Revenue Code of 1954, as amended, shall apply to all Individual Retirement Bonds. The bonds are subject to estate, inheritance, or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, municipality, or any local taxing authority. Inquiry concerning the application of any Federal tax to these bonds should be directed to the District Director of Internal Revenue for the district in which the taxpayer resides.

§ 346.14 Certifying officers.

Officers authorized to certify requests for payment or for any other transaction involving Individual Retirement Bonds include:

(a) *Post offices.* Any postmaster, acting postmaster, or inspector-in-charge or other post office official or clerk designated for that purpose. A post office official or clerk, other than a postmaster, acting postmaster, or inspector-in-charge, should certify in the name of the postmaster or acting postmaster, followed by his own signature and official title. Signatures of these officers should be authenticated by a legible imprint of the post office dating stamp.

(b) *Banks and trust companies.* Any officer of a Federal Reserve Bank or Branch, or of a bank or trust company chartered under the laws of the United States or those of any State, Commonwealth, or Territory of the United States, as well as any employees of such bank or trust company expressly authorized to act for that purpose, who should sign over the title "Designated Employee." Certifications by any of these officers or designated employees should be authenticated by either a legible imprint of the corporate seal, or, where the institution is an authorized issuing agent for United States Savings Bonds, Series E, by a legible imprint of its dating stamp.

(c) *Issuing agents of Series E savings bonds.* Any officer of a corporation or any other organization which is an authorized issuing agent for United States Savings Bonds, Series E. All certifications by such officers must be authenticated by a legible imprint of the issuing agent's dating stamp.

(d) *Foreign countries.* In a foreign country requests may be signed in the presence of and be certified by any United States diplomatic or consular representative, or the manager or other officer of a foreign branch of a bank or trust company incorporated in the United States whose signature is attested by an imprint of the corporate seal or is certified to the Department of the Treasury. If such an officer is not available, requests may be signed in the presence of and be certified by a notary or other officer authorized to administer oaths, but his official character and jurisdiction should be certified by a United States diplomatic or consular officer under seal of his office.

(e) *Special provisions.* The Commissioner of the Public Debt, or his delegate, or any Federal Reserve Bank or Branch is authorized to make special provision for certification in any particular case or class of cases where none of the officers authorized above is readily accessible.

§ 346.15 General provisions.

(a) *Regulations.* All Individual Retirement Bonds shall be subject to the general regulations prescribed by the Secretary with respect to United States securities, which are set forth in Department of the Treasury Circular No. 300, current revision, to the extent applicable. Copies of the general regulations may be obtained upon request from any Federal Reserve Bank or the Department of the Treasury.

(b) *Reservation as to issue of bonds.* The Secretary of the Treasury reserves the right to reject any application for the purchase of Individual Retirement Bonds, in whole or in part, and to refuse to issue or permit to be issued any such bonds in any case or any class or classes of cases if he deems such action to be in the public interest, and his action in any such respect shall be final.

(c) *Additional requirements.* In any case or any class of cases arising under this circular, the Secretary of the Treasury may require such additional evidence as may in his judgment be necessary, and may require a bond of indemnity, with or without surety, where he may consider such bond necessary for the protection of the United States.

(d) *Waiver of requirements.* The Secretary of the Treasury reserves the right, in his discretion, to waive or modify any provision or provisions of this circular in any particular case or class of cases for the convenience of the United States, or in order to relieve any person or persons of unnecessary hardship, if such action is not inconsistent with law, does not impair any existing rights, and he is satisfied that such action would not subject the United States to any substantial expense or liability.

(e) *Fiscal agents.* Federal Reserve Banks and Branches, as fiscal agents of the United States, are authorized to perform such services as may be requested of them by the Secretary of the Treasury in connection with the issue, delivery, redemption, reissue, and payment of Individual Retirement Bonds.

(f) *Reservation as to terms of circular.* The Secretary of the Treasury may at any time, or from time to time, supplement or amend the terms of this circular, or any amendments or supplements thereto.

APPENDIX—TABLES

TABLE OF REDEMPTION VALUES PROVIDING AN INVESTMENT YIELD OF 6 PERCENT PER ANNUM FOR BONDS BEARING ISSUE DATES BEGINNING JANUARY 1, 1975

Note. This table shows how Individual Retirement Bonds bearing issue dates on or after January 1, 1975, by denomination, increase in redemption value during the successive half-year periods following issue. The redemption values provide an investment yield of approximately 6 pct/annum, compounded semiannually, on the purchase price from issue date to the beginning of each half-year period. No increase in redemption value is shown, however, until 1 year after issue date since no interest may be paid on bonds redeemed before that time. The period to maturity is fixed in accordance with the provisions of § 346.1(b) of this circular.

Period after issue date (years)	Issue price			
	Redemption values during each half-year period (values increase on first day of period shown)			
	$50.00	$75.00	$100.00	$500.00
1st	$50.00	$75.00	$100.00	$500.00
1 to 1½	53.05	79.57	106.10	530.50
1½ to 2	54.64	81.95	109.28	546.40
2 to 2½	56.28	84.41	112.56	562.80
2½ to 3	57.96	96.95	115.92	579.60
3 to 3½	59.70	89.55	119.40	597.00
3½ to 4	61.49	92.24	122.98	614.90
4 to 4½	63.34	95.01	126.68	633.40
4½ to 5	65.24	97.86	130.48	652.40
5 to 5½	67.20	100.79	134.40	672.00
5½ to 6	69.21	103.82	138.42	692.10
6 to 6½	71.29	106.93	142.58	712.90
6½ to 7	73.43	110.14	146.86	734.30
7 to 7½	75.63	113.44	151.26	756.30
7½ to 8	77.90	116.85	155.80	779.00
8 to 8½	80.24	120.35	160.48	802.40
8½ to 9	82.64	123.96	165.28	826.40
9 to 9½	85.12	127.68	170.24	851.20
9½ to 10	87.68	131.51	175.36	676.80
10 to 10½	90.31	135.46	180.62	903.10
10½ to 11	93.01	139.52	186.02	930.10
11 to 11½	95.81	143.71	191.62	958.10
11½ to 12	98.68	148.02	197.36	986.80
12 to 12½	101.64	152.46	203.28	1,016.40
12½ to 13	104.69	157.03	209.38	1,046.90
13 to 13½	107.83	161.74	215.66	1,078.30
13½ to 14	111.06	166.60	222.12	1,110.60
14 to 14½	114.40	171.59	228.80	1,144.00
14½ to 15	117.83	176.74	235.66	1,178.30
15 to 15½	121.36	182.04	242.72	1,213.60
15½ to 16	125.00	187.51	250.00	1,250.00
16 to 16½	128.75	193.13	257.50	1,287.50
16½ to 17	132.62	198.93	265.24	1,326.20
17 to 17½	136.60	204.89	273.20	1,366.00
17½ to 18	140.69	211.04	281.38	1,406.90

TABLE OF REDEMPTION VALUES PROVIDING AN INVESTMENT YIELD OF 6 PERCENT PER ANNUM FOR BONDS BEARING ISSUE DATES BEGINNING JANUARY 1, 1975—Continued

Note: This table shows how Individual Retirement Bonds bearing issue dates on or after January 1, 1975, by denomination, increase in redemption value during the successive half-year periods following issue. The redemption values provide an investment yield of approximately 6 pct/annum, compounded semiannually, on the purchase price from issue date to the beginning of each half-year period. No increase in redemption value is shown, however, until 1 year after issue date since no interest may be paid on bonds redeemed before that time. The period to maturity is fixed in accordance with the provisions of § 346.1(b) of this circular.

Period after issue date (years)	Issue price			
	Redemption values during each half-year period (values increase on first day of period shown)			
	$50.00	$75.00	$100.00	$500.00
18 to 18½	144.91	217.37	289.82	1,449.10
18½ to 19	149.26	223.89	298.52	1,492.60
19 to 19½	153.74	230.61	307.48	1,537.40
19½ to 20	158.35	237.53	316.70	1,583.50
20 to 20½	163.10	244.65	326.20	1,631.00

TABLE A—TABLE OF REDEMPTION VALUES PROVIDING AN INVESTMENT YIELD OF 6.50 PERCENT PER ANNUM FOR BONDS BEARING ISSUE DATES BEGINNING AUG. 1, 1979

Note: This table shows how Individual Retirement Bonds bearing issue dates on or after August 1, 1979, by denomination, increase in redemption value during the successive half-year periods following issue. The redemption values provide an investment yield of approximately 6.50 percent per annum, compounded semiannually, on the purchase price from issue date to the beginning of each half-year period. No increase in redemption value is shown, however, until 1 year after issue date since no interest may be paid on bonds redeemed before that time. The period to maturity is fixed in accordance with the provisions of § 346.1(b) of this circular.

Period after issue date (years)	Issue price			
	Redemption values during each half-year period (values increase on first day of period shown)			
	$50	$75	$100	$500
1st	$50.00	$75.00	$100.00	$500.00
1 to 1½	53.30	79.95	106.60	533.00
1½ to 2	55.04	82.56	110.08	550.40
2 to 2½	56.82	85.23	113.64	568.20
2½ to 3	58.68	88.02	117.36	586.80
3 to 3½	60.58	90.87	121.16	605.80
3½ to 4	62.54	93.81	125.08	625.40
4 to 4½	64.58	96.87	129.16	645.80
4½ to 5	66.68	100.02	133.36	666.80
5 to 5½	68.84	103.26	137.68	688.40
5½ to 6	71.08	106.62	142.16	710.80
6 to 6½	73.40	110.10	146.80	734.00
6½ to 7	75.78	113.67	151.56	757.80
7 to 7½	78.24	117.36	156.48	782.40
7½ to 8	80.78	121.17	161.56	807.80
8 to 8½	83.40	125.10	166.80	834.00
8½ to 9	86.12	129.18	172.24	861.20
9 to 9½	88.92	133.38	177.84	889.20

TABLE A—TABLE OF REDEMPTION VALUES PROVIDING AN INVESTMENT YIELD OF 6.50 PERCENT PER ANNUM FOR BONDS BEARING ISSUE DATES BEGINNING AUG. 1, 1979—Continued

Note: This table shows how Individual Retirement Bonds bearing issue dates on or after August 1, 1979, by denomination, increase in redemption value during the successive half-year periods following issue. The redemption values provide an investment yield of approximately 6.50 percent per annum, compounded semiannually, on the purchase price from issue date to the beginning of each half-year period. No increase in redemption value is shown, however, until 1 year after issue date since no interest may be paid on bonds redeemed before that time. The period to maturity is fixed in accordance with the provisions of § 346.1(b) of this circular.

Period after issue date (years)	Issue price			
	Redemption values during each half-year period (values increase on first day of period shown)			
	$50	$75	$100	$500
9½ to 10	91.80	137.70	183.60	918.00
10 to 10½	94.80	142.20	189.60	948.00
10½ to 11	97.88	146.82	195.76	978.80
11 to 11½	101.06	151.59	202.12	1,010.60
11½ to 12	104.34	156.51	208.68	1,043.40
12 to 12½	107.72	161.58	215.44	1,077.20
12½ to 13	111.22	166.83	222.44	1,112.20
13 to 13½	114.84	172.26	229.68	1,148.40
13½ to 14	118.58	177.87	237.16	1,185.80
14 to 14½	122.44	183.66	244.88	1,224.40
14½ to 15	126.42	189.63	252.84	1,264.20
15 to 15½	130.52	195.78	261.04	1,305.20
15½ to 16	134.76	202.14	269.52	1,347.60
16 to 16½	139.14	208.71	278.28	1,391.40
16½ to 17	143.66	215.49	287.32	1,436.60
17 to 17½	148.34	222.51	296.68	1,483.40
17½ to 18	153.16	229.74	306.32	1,531.60
18 to 18½	158.12	237.18	316.24	1,581.20
18½ to 19	163.26	244.89	326.52	1,632.60
19 to 19½	168.58	252.87	337.16	1,685.80
19½ to 20	174.06	261.09	348.12	1,740.60
20 to 20½	179.72	269.58	359.44	1,797.20

TABLE B—TABLE OF REDEMPTION VALUES PROVIDING AN INVESTMENT YIELD OF 8.00 PERCENT PER ANNUM FOR BONDS BEARING ISSUE DATES BEGINNING NOVEMBER 1, 1980

NOTE: This table shows how Individual Retirement Bonds bearing issue dates on or after November 1, 1980, by denomination, increase in redemption value during the successive half-year periods following issue. The redemption values provide an investment yield of approximately 8.00 percent per annum, compounded semiannually, on the purchase price from issue date to the beginning of each half-year period. No increase in redemption value is shown, however, until 1 year after issue date since no interest may be paid on bonds redeemed before that time. The period to maturity is fixed in accordance with the provisions of § 346.1(b) of this circular.

Period after issue date (years)	Issue price			
	Redemption values during each half-year period (values increase on first day of period shown)			
	$50.00	$75.00	$100.00	$500.00
First half year	$50.00	$75.00	$100.00	$500.00
1.0 to 1.5	54.08	81.12	108.16	540.80
1.5 to 2.0	56.24	84.36	112.48	562.40
2.0 to 2.5	58.50	87.75	117.00	585.00
2.5 to 3.0	60.84	91.26	121.68	608.40
3.0 to 3.5	63.26	94.89	126.52	632.60
3.5 to 4.0	65.80	98.70	131.60	658.00
4.0 to 4.5	68.42	102.63	136.84	684.20
4.5 to 5.0	71.16	106.74	142.32	711.60
5.0 to 5.5	74.02	111.03	148.04	740.20
5.5 to 6.0	76.98	115.47	153.96	769.80
6.0 to 6.5	80.06	120.09	160.12	800.60
6.5 to 7.0	83.26	124.89	166.52	832.60
7.0 to 7.5	86.58	129.87	173.16	865.80
7.5 to 8.0	90.04	135.06	180.08	900.40
8.0 to 8.5	93.64	140.46	187.28	936.40
8.5 to 9.0	97.40	146.10	194.80	974.00
9.0 to 9.5	101.30	151.95	202.60	1,013.00
9.5 to 10.0	105.34	158.01	210.68	1,053.40
10.0 to 10.5	109.56	164.34	219.12	1,095.60
10.5 to 11.0	113.94	170.91	227.88	1,139.40
11.0 to 11.5	118.50	177.75	237.00	1,185.00
11.5 to 12.0	123.24	184.86	246.48	1,232.40
12.0 to 12.5	128.16	192.24	256.32	1,281.60
12.5 to 13.0	133.30	199.95	266.60	1,333.00
13.0 to 13.5	138.62	207.93	277.24	1,386.20
13.5 to 14.0	144.16	216.24	288.32	1,441.60
14.0 to 14.5	149.94	224.91	299.88	1,499.40
14.5 to 15.0	155.94	233.91	311.88	1,559.40
15.0 to 15.5	162.16	243.24	324.32	1,621.60
15.5 to 16.0	168.66	252.99	337.32	1,686.60
16.0 to 16.5	175.40	263.10	350.80	1,754.00
16.5 to 17.0	182.42	273.63	364.84	1,824.20
17.0 to 17.5	189.72	284.58	379.44	1,897.20
17.5 to 18.0	197.30	295.95	394.60	1,973.00
18.0 to 18.5	205.20	307.80	410.40	2,052.00
18.5 to 19.0	213.40	320.10	426.80	2,134.00
19.0 to 19.5	221.94	332.91	443.88	2,219.40
19.5 to 20.0	230.82	346.23	461.64	2,308.20
20.0 to 20.5	240.06	360.09	480.12	2,400.60

TABLE C—TABLE OF REDEMPTION VALUES PROVIDING AN INVESTMENT YIELD OF 9.00 PERCENT PER ANNUM FOR BONDS BEARING ISSUE DATES BEGINNING OCTOBER 1, 1981

NOTE: This table shows how Individual Retirement Bonds bearing issue dates on or after October 1, 1981, by denomination, increase in redemption value during the successive half-year periods following issue. The redemption values provide an investment yield of approximately 9.00 percent per annum, compounded semiannually, on the purchase price from issue date to the beginning of each half-year period. No increase in redemption value is shown, however, until 1 year after issue date since no interest may be paid on bonds redeemed before that time. The period to maturity is fixed in acordance with the provisions of § 346.1(b) of this circular.

Period after issue date (years)	Issue price			
	Redemption values during each half-year period (values increase on first day of period shown)			
	$50.00	$75.00	$100.00	$500.00
First half	$50.00	$75.00	$100.00	$500.00
1.0 to 1.5	54.60	81.90	109.20	546.00
1.5 to 2.0	57.06	85.59	114.12	570.60
2.0 to 2.5	59.62	89.43	119.24	596.20
2.5 to 3.0	62.30	93.45	124.60	623.00
3.0 to 3.5	65.12	97.68	130.24	651.20
3.5 to 4.0	68.04	102.06	136.08	680.40
4.0 to 4.5	71.10	106.65	142.20	711.00
4.5 to 5.0	74.30	111.45	148.60	743.00
5.0 to 5.5	77.64	116.46	155.28	776.40
5.5 to 6.0	81.14	121.71	162.28	811.40
6.0 to 6.5	84.80	127.20	169.60	848.00
6.5 to 7.0	88.60	132.90	177.20	886.00
7.0 to 7.5	92.60	138.90	185.20	926.00
7.5 to 8.0	96.76	145.14	193.52	967.60
8.0 to 8.5	101.12	151.68	202.24	1,011.20
8.5 to 9.0	105.66	158.49	211.32	1,056.60
9.0 to 9.5	110.42	165.63	220.84	1,104.20
9.5 to 10.0	115.40	173.10	230.80	1,154.00
10.0 to 10.5	120.58	180.87	241.16	1,205.80
10.5 to 11.0	126.02	189.03	252.04	1,260.20
11.0 to 11.5	131.68	197.52	263.36	1,316.80
11.5 to 12.0	137.60	206.40	275.20	1,376.00
12.0 to 12.5	143.80	215.70	287.60	1,438.00
12.5 to 13.0	150.28	225.42	300.56	1,502.80
13.0 to 13.5	157.04	235.56	314.08	1,570.40
13.5 to 14.0	164.10	246.15	328.20	1,641.00
14.0 to 14.5	171.48	257.22	342.96	1,714.80
14.5 to 15.0	179.20	268.80	358.40	1,792.00
15.0 to 15.5	187.26	280.89	374.52	1,872.60
15.5 to 16.0	195.70	293.55	391.40	1,957.00
16.0 to 16.5	204.50	306.75	409.00	2,045.00
16.5 to 17.0	213.70	320.55	427.40	2,137.00
17.0 to 17.5	223.32	334.98	446.64	2,233.20
17.5 to 18.0	233.36	350.04	466.72	2,333.60
18.0 to 18.5	243.86	365.79	487.72	2,438.60
18.5 to 19.0	254.84	382.26	509.68	2,548.40
19.0 to 19.5	266.32	399.48	532.64	2,663.20
19.5 to 20.0	278.30	417.45	556.60	2,783.00
20.0 to 20.5	290.82	436.23	581.64	2,908.20

(26 U.S.C. 220, and 31 U.S.C. 757; 40 Stat. 288, 48 Stat. 343, as amended; 31 U.S.C. 752, 7546; 5 U.S.C. 301)

[40 FR 4240, Jan. 28, 1975, as amended at 42 FR 37521, July 21, 1977; 45 FR 53397, Aug.

11, 1980; 45 FR 55178, Aug. 19, 1980; 46 FR 60577, Dec. 11, 1981]

PART 347—REGULATIONS GOVERNING 2-PERCENT TREASURY BONDS—R.E.A. SERIES

Sec.
347.0 Offering of bonds.
347.1 Description of bonds.
347.2 Procedure for purchase.
347.3 Issue date.
347.4 Redemption/reinvestment.
347.5 Taxation.
347.6 General provisions.

AUTHORITY: 31 U.S.C. 752-754b; 5 U.S.C. 301.

SOURCE: 40 FR 29846, July 16, 1975, unless otherwise noted.

§ 347.0 Offering of bonds.

The Secretary of the Treasury under authority of the Second Liberty Bond Act, as amended, offers to borrowers from the Rural Electrification Administration, U.S. Department of Agriculture, 2 percent Treasury Bonds—R.E.A. Series. The bonds will be sold to such borrowers with the specific approval of the Rural Electrification Administration for each transaction. This offering will continue until terminated by the Secretary of the Treasury.

§ 347.1 Description of bonds.

(a) *General.* The bonds will be issued in book-entry form on the books of the Department of the Treasury, Bureau of the Public Debt, Washington, DC 20026.

(b) *Terms and rate of interest.* The bonds, bearing interest at the rate of 2 percent per annum, payable on a semiannual basis on January 1 and July 1 in each year, will be issued in multiples of $1,000, and will mature twelve years from issue date. Interest will be paid by Treasury check.

(c) *Nontransferability.* 2 Percent Treasury Bonds—R.E.A. Series are not transferable nor entitled to any privilege of conversion, and they may not be sold, discounted or pledged as collateral for a loan or as security for the performance of an obligation, or for any other purpose.

§ 347.2 Procedure for purchase.

Subscriptions for approved borrowers shall be submitted by the Rural Electrification Administration, together with the remittances, to the Bureau of the Public Debt, Securities Transactions Branch, Washington, DC 20226.

§ 347.3 Issue date.

The issue date of a bond shall be the date on which funds in full payment therefor are received by the office described in § 347.2.

§ 347.4 Redemption/reinvestment.

(a) *Before maturity.* A bond may be redeemed either at the option of the United States or the owner, in whole or in multiple $1,000 amounts, at par and accrued interest, at any time, upon not less than 30 nor more than 60 days' notice in writing given by either party to the other. From the date of redemption designated in any such notice, interest on the bonds to be redeemed shall cease, and the unredeemed portion, if any, shall continue to be held in book-entry form with the original issue date. Any such notice of redemption given by an owner shall be addressed to the Department of the Treasury, Bureau of the Public Debt, Washington, DC 20226.

(b) *At maturity.* Unless the Department of the Treasury, Bureau of the Public Debt, has received from the owner, at least one week prior to the maturity date of a bond, a written request for payment at maturity, it shall automatically redeem the same at maturity, and reinvest in the owner's name the principal amount in a new bond having the same description in all material respects as the one redeemed. In all such instances, interest will not be paid on the redemption date but on the next regular interest payment date, unless the redemption date coincides with the interest payment date.

§ 347.5 Taxation.

The income derived from the bonds is subject to all taxes imposed under the Internal Revenue Code of 1954. The bonds are subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State or any of the possessions of the United States, or by any local taxing authority.

§ 347.6 General provisions.

(a) *Regulations.* 2 Percent Treasury Bonds—R.E.A. Series shall be subject to the general regulations with respect to United States securities, which are set forth in the Department of the Treasury Circular No. 300, current revision (31 CFR Part 306), to the extent applicable. Copies of the circular may be obtained from the Bureau of the Public Debt, Department of the Treasury, Washington, DC 20226, or a Federal Reserve Bank or Branch.

(b) *Reservations.* The Secretary of the Treasury reserves the right to reject any application for the purchase of bonds hereunder, in whole or in part, and to refuse to issue or permit to be issued any such bonds in any case or any class or classes of cases if he deems such action to be in the public interest, and his action in any such respect shall be final. The Secretary of the Treasury may also at any time, or from time to time, supplement or amend the terms of these regulations, or of any amendments or supplements thereto.

PART 348—REGULATIONS GOVERNING 2-PERCENT DEPOSITARY BONDS

Sec.
348.0 Offering of bonds.
348.1 Description of bonds.
348.2 Subscription for purchase and issue date.
348.3 Redemption/reinvestment.
348.4 Taxation.
348.5 Reservations.

AUTHORITY: 31 U.S.C. 752, 754b; 5 U.S.C. 301.

SOURCE: 40 FR 29847, July 16, 1975, unless otherwise noted.

§ 348.0 Offering of bonds.

The Secretary of the Treasury under authority of the Second Liberty Bond Act, as amended, offers, at par, 2 Percent Depositary Bonds to depositaries and financial agents designated under the provisions of section 5153 of the Revised Statutes of 1873, as amended (12 U.S.C. 90); the Act of May 7, 1928, 45 Stat. 492 (12 U.S.C. 332); the Act of June 19, 1922, 42 Stat. 662 (31 U.S.C. 473); and section 10 of the Act of June 11, 1942, 56 Stat. 356 (12 U.S.C. 265), which have executed a depositary, financial agency and collateral agreement satisfactory to the Secretary of the Treasury. The bonds will be sold to such depositaries and financial agents in an amount not to exceed in any case the amount for which the depositary and financial agent is qualified. This offering will continue until terminated by the Secretary of the Treasury.

§ 348.1 Description of bonds.

(a) *General.* The bonds will be issued in book-entry form on the books of the Department of the Treasury, Bureau of the Public Debt, Washington, DC 20026.

(b) *Terms and rate of interest.* The bonds, bearing interest at the rate of 2 percent per annum, payable by Treasury check on a semiannual basis on June 1 and December 1 in each year, will be issued in multiples of $1,000, and will mature twelve years from issue date.

(c) *Nontransferability.* 2 Percent Depositary Bonds are not transferable, but they will be acceptable to secure deposits of Federal funds with, and the faithful performance of duties by, depositaries and financial agents designated under the statutory provisions shown in § 348.0, and may not be obtained or used for any other purpose.

§ 348.2 Subscription for purchase and issue date.

Eligible investors may subscribe for bonds under this offering through submission of a subscription to the Department of the Treasury, Domestic Banking Staff, Bureau of Government Financial Operations, Washington, DC 20226, which office will determine the appropriate amount and issue date of bonds to be issued. A confirmation of the issuance, in the form of a written advice, which shall specify the amount and describe the bonds by title and maturity date, shall be sent to the subscriber.

§ 348.3 Redemption/reinvestment.

(a) *Before maturity.* A bond may be redeemed either at the option of the United States or the owner, in whole or in multiple $1,000 amounts, at par and accrued interest, at any time, upon not less than 30 days' notice in writing given by either party to the other. From the date of redemption designated in such notice, interest on the bonds to be redeemed shall cease, and the unredeemed portion, if any, shall continue to be held in book-entry form with the original issue date. Any such notice of redemption given by an owner shall be addressed to the Department of the Treasury, Domestic Banking Staff, Bureau of Government Financial Operations, Washington, DC 20226.

(b) *At maturity.* Unless the Department of the Treasury, Bureau of the Public Debt, Division of Public Debt Accounts, Washington, DC 20226, or the office specified in paragraph (a) of this section, has received from the owner at least two weeks prior to the maturity date of a bond, a written request for payment at maturity, the bond shall be automatically redeemed at maturity and the principal amount reinvested in the owner's name in a new bond having the same description in all material respects as the one redeemed. In all such instances, interest will not be paid on the redemption date but on the next regular interest payment date, unless the redemption date coincides with the interest payment date.

§ 348.4 Taxation.

The income derived from the bonds is subject to all taxes imposed under the Internal Revenue Code of 1954, but the bonds are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State or any of the possessions of the United States, or by any local taxing authority.

§ 348.5 Reservations.

The Secretary of the Treasury reserves the right to reject any application for the purchase of bonds hereunder, in whole or in part, and to refuse to issue or permit to be issued any such bonds in any case or any class or classes of cases if he deems such action to be in the public interest, and his action in any such respect shall be final. The Secretary of the Treasury may also at any time, or from time to time, supplement or amend the terms of these regulations, or of any amendments or supplements thereto.

PART 349—ISSUE AND SALE OF BOOK-ENTRY TREASURY BILLS AND OF DEFINITIVE TREASURY BILLS TO ELIGIBLE ENTITIES

Sec.

349.0 Authority for issue and sale.
349.1 Description of Treasury bills—general—book entry—definitive.
349.2 Regulations.
349.3 Public notice of offering.
349.4 Amount of tender; price.
349.5 Form of tenders.
349.6 Tenders for customers and for own account.
349.7 Deposits with tenders submitted to Federal Reserve Banks.
349.8 Payment with tenders submitted to Treasury.
349.9 Submission of tenders.
349.10 Reservation of right.
349.11 Acceptance of tenders.
349.12 Payment of accepted tenders.
349.13 Acceptance of book-entry Treasury bills for various purposes.
349.14 Taxation.
349.15 Relief on account of loss.
349.16 Functions of Federal Reserve Banks.
349.17 Reservation as to terms of circular.

AUTHORITY: 80 Stat. 379; sec. 8, 50 Stat. 481, as amended; sec. 5, 40 Stat. 290, as amended; 5 U.S.C. 301; 31 U.S.C. 738a, 754, 754b.

SOURCE: 41 FR 53335, Dec. 6, 1976, unless otherwise noted.

§ 349.0 Authority for issue and sale.

The Secretary of the Treasury is authorized under the Second Liberty Bond Act, as amended, to issue Treasury bills of the United States on an interest-bearing basis, on a discount basis, or on a combination interest-bearing and discount basis, at such price or prices and with interest computed in such manner and payable at such time or times as he may prescribe, but not exceeding one year from the date of issue; and to fix the form, terms, and conditions thereof, and to offer them for sale on a competitive or other basis, under such regulations and upon such terms and conditions as he may prescribe.

§ 349.1 Description of Treasury bills—general—book-entry—definitive.

(a) *General.* Treasury bills are obligations of the United States, issued at a discount, promising to pay a specified amount on a specified date. They are issued only by Federal Reserve Banks and Branches, acting as Fiscal Agents of the United States, and by the Bureau of the Public Debt, Washington, DC 20226, pursuant to tenders accepted by the Department of the Treasury.

(b) *Book-entry Treasury bills.* Book-entry Treasury bills under this part are bills issued only in the form of entries on either the records of a Federal Reserve Bank or of the Department of the Treasury, as follows:

(1) 52-week Treasury bills issued after December 1, 1976;

(2) 26-week Treasury bills issued after June 1, 1977;

(3) 13-week Treasury bills issued on or after September 1, 1977; and

(4) Any other Treasury bills issued after September 1, 1977, including, but not limited to, tax anticipation Treasury bills.

(c) *Definitive Treasury bills for eligible entities.* Treasury bills in the form of engraved certificates will be issued on or after the dates specified in paragraph (b) of this section, and for the series shown, in the denomination of $100,000 only, and only until December 31, 1978, solely to entities required by or pursuant to, Federal, State, municipal, or other local law to hold securities in definitive form. Such entities may include, but are not limited to a State, municipality, city, township, county or any other political subdivision, public corporation or other public body, an insurance company, and a fiduciary so required to hold physical securities.

§ 349.2 Regulations.

The Treasury bills, the issue and sale of which are herein provided, shall be subject to the book-entry Treasury bill regulations set forth in Department of the Treasury Circular, Public Debt Series No. 26-76 (31 CFR, Part 350), and, to the extent applicable, to Department of the Treasury Circular No. 300, current revision (31 CFR, Part 306), the general regulations governing United States securities. Copies of the circulars may be obtained from a Federal Reserve Bank or Branch, or the Bureau of the Public Debt.

§ 349.3 Public notice of offering.

When Treasury bills are offered, tenders therefor will be invited, on a competitive and noncompetitive basis, through public notice given by the Secretary of the Treasury in the name of "The Department of the Treasury". In such notice, there will be set forth the amount of Treasury bills for which tenders are being invited, the date of issue, the CUSIP number, the date or dates when such bills will become due and payable, the date and closing hour for the receipt of tenders at the Federal Reserve Banks and Branches, and the Department of the Treasury, and the date on which payment for tenders must be made or completed.

§ 349.4 Amount of tender; price.

Tenders in response to the public notice must be for a minimum of $10,000, and tenders over that amount must be in multiples of $5,000. Definitive Treasury bills will be available, as set forth in § 349.1(c), only in the $100,000 denomination and only for the account of eligible investors. In the case of competitive tenders, the price or prices offered by the bidder for the amount or amounts applied for must be expressed on the basis of 100, with not more than three decimals, e.g., 99,925. fractions may not be used. Noncompetitive tenders will be accepted at the average price of the competitive tenders accepted.

§ 349.5 Form of tenders.

Tenders may be submitted on printed forms and forwarded in special envelopes available from any Federal Reserve Bank or Branch. If a special envelope is not available, the inscription "Tender for Treasury Bills" should be placed on the envelope used. The instructions on the forms with respect to the submission of tenders should be observed. Tenders for book-entry Treasury bills to be maintained on the accounts of the Department of the Treasury should be submitted on special forms available for that purpose.

§ 349.6 Tenders for customers and for own account.

Banking institutions and dealers who make primary markets in Government securities and report daily to the Federal Reserve Bank of New York their positions with respect to Government securities and borrowings thereon may submit tenders for the accounts of customers, provided the names of the customers are set forth in such tenders. Others will not be permitted to submit tenders except for their own account.

§ 349.7 Deposits with tenders submitted to Federal Reserve Banks.

Tenders submitted to Federal Reserve Banks and Branches by incorporated banks and trust companies, and responsible and recognized dealers in investment securities, will be received without deposit. Tenders from all others must be accompanied by a payment of such percent of the face amount of the Treasury bills applied for as prescribed in the public notice, except that such deposit will not be required if the tenders are accompanied by an express guaranty of payment in full by an incorporated bank or trust company. Forfeiture of the deposit may be declared by the Secretary of the Treasury, if payment is not completed, in the case of accepted tenders, on the prescribed date.

§ 349.8 Payment with tenders submitted to Treasury.

Tenders for Treasury bills to be issued and maintained on book-entry accounts of the Treasury must be accompanied by full payment of the face amount of the bills applied for. A cash adjustment will be made for the difference between the par payment submitted and the actual issue price of the bills.

§ 349.9 Submission of tenders.

Tenders must be received on or before the time fixed for closing, as set forth in the public notice, at Federal Reserve Banks and Branches, and at the Bureau of the Public Debt, Washington, DC 20226. Tenders not timely received will be disregarded.

§ 349.10 Reservation of right.

The Secretary of the Treasury expressly reserves the right on any occasion to accept noncompetitive tenders entered in accordance with specific offerings, to reject any or all tenders or parts of tenders, and to award less than the amount applied for; and any action he may take in any such respect or respects shall be final.

§ 349.11 Acceptance of tenders.

The Department of the Treasury will determine from the tenders received the amount and price range of the accepted bids. Those at the highest prices offered will be accepted in full down to the amount required, and if the same price appears in two or more tenders and it is necessary to accept only a part of the amount offered at such price, the amount accepted at such price will be prorated in accordance with the respective amounts applied for. Public announcement of the acceptance will then be made. Those submitting tenders will be advised of the acceptance or rejection thereof by the Federal Reserve Banks or by the Treasury, depending on where such tenders were received.

§ 349.12 Payment of accepted tenders.

Settlement for accepted tenders submitted to a Federal Reserve Bank must be made or completed at such Bank in cash or other immediately available funds on or before the date specified, except that the public notice inviting tenders may provide:

(a) That any qualified depositary may make such settlement by credit, on behalf of itself and its customers, up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its District, or (b) that such settlement may be made in maturing Treasury bills accepted in exchange. Whenever settlement in maturing Treasury bills is authorized, a cash adjustment will be made for the difference between the par value of the maturing bills and the issue price of the new ones.

§ 349.13 Acceptance of book-entry Treasury bills for various purposes.

(a) *Acceptable as security for public deposits.* Book entry Treasury bills will be acceptable at maturity value to secure deposits of public monies.

(b) *Acceptable in payment of taxes where authorized.* The public notice inviting tenders for book-entry Treasury bills may provide that such bills will be acceptable at maturity value, whether at or before maturity, under such rules and regulations as may be prescribed, in payment of income taxes payable under the provisions of the Internal Revenue Code.

(c) *Discounting by Federal Reserve Bank of notes secured by Treasury bills.* Notes secured by book-entry Treasury bills are eligible for discount or rediscount at Federal Reserve Banks as provided under the provisions of section 13 of the Federal Reserve Act, as are notes secured by bonds and notes of the United States.

(d) *Acceptable in connection with foreign obligations held by United States.* Treasury bills will be acceptable at maturity, but not before, in payment of interest or of principal on account of obligations of foreign governments held by the United States.

§ 349.14 Taxation.

The income derived from Treasury bills, issued pursuant to this part, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale of other disposition of Treasury bills shall not have any special treatment, as such, under the Internal Revenue Code, or laws amendatory or supplementary thereto. The bills shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation, the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest.

§ 349.15 Relief on account of loss.

Relief on account of the loss of any Treasury bills issued pursuant to this part may be given only under the authority of, and subject to the conditions set forth in section 8 of the Act of July 8, 1937 (50 Stat. 481), as amended (31 U.S.C. 738a), and the regulations issued pursuant thereto, as set forth in Department of the Treasury Circular No. 300 (31 CFR Part 306), insofar as applicable.

§ 349.16 Functions of Federal Reserve Banks.

Federal Reserve Banks and Branches, as Fiscal Agents of the United States, are authorized to perform all such acts as may be necessary to carry out the provisions of this circular and of any public notice or notices issued in connection with any offering of Treasury bills.

§ 349.17 Reservation as to terms of circular.

The Secretary of the Treasury reserves the right further to amend, supplement, revise or withdraw all or any of the provisions of this circular at any time, or from time to time.

PART 350—REGULATIONS GOVERNING BOOK-ENTRY TREASURY BILLS

Subpart A—Applicability and Effect—Definitions

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350.0 Applicability and effect.
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350.4 Transfer or pledge.
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350.7 Establishing a book-entry Treasury bill account.
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350.11 Succeeding fiduciaries, partners, officers—succeeding corporations, unincorporated associations, partnerships.
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350.13 Death of individual (natural person in own right).
350.14 Reinvestment or payment at maturity.
350.15 Conclusive presumptions.
350.16 Transactions in regular course—notice not effective—unacceptable notices.

Subpart D—Definitive Treasury Bills

350.17 Definitive Treasury bills—available where holding of definitive securities required by law—termination date December 31, 1978.
350.18 Sanctions for abuse of definitive Treasury bill privilege.

AUTHORITY: R.S. 3706; 40 Stat. 288, 502, 844, 1309; 42 Stat. 321; 46 Stat. 20; 48 Stat. 343; 49 Stat. 20; 50 Stat. 481; 52 Stat. 447; 53 Stat. 1359; 56 Stat. 189; 73 Stat. 662; and 85 Stat. 5, 74 (31 U.S.C. 738a, 739, 752, 752a, 753, 754, 754a, and 754b); 5 U.S.C. 301.

SOURCE: 41 FR 53337, Dec. 6, 1976, unless otherwise noted.

Subpart A—Applicability and Effect—Definitions

§ 350.0 Applicability and effect.

(a) *Applicability.* The regulations in this part govern the issuance of, and transactions in, the following Treasury bills:

(1) 52-week Treasury bills issued after December 1, 1976;

(2) 26-week Treasury bills issued after June 1, 1977;

(3) 13-week Treasury bills issued on or after September 1, 1977; and

(4) Any other Treasury bills issued after September 1, 1977, including, but not limited to, tax anticipation Treasury bills.

(b) *Effect.* The Treasury bills described in paragraph (a) of this section shall, after the date specified therefor, be issued only in book-entry form, except as provided in Subpart D.

§ 350.1 Definition of terms in this part.

In this part, unless the context otherwise requires or indicates:

(a) "Treasury bill" means an obligation of the United States issued under Section 5 of the Second Liberty Bond Act, as amended (31 U.S.C. 754).

(b) "Book-entry Treasury bill" means any Treasury bill issued on or after the dates specified in § 350.0(a) in the form of an entry on the records of a Reserve Bank or the records of the Department of the Treasury. (See Department of the Treasury Circular, Public Debt Series No. 27-76, descriptive of the issue and sale of book-entry Treasury bills.) (31 CFR Part 349)

(c) "Definitive Treasury bill", as used in Subpart D, means a Treasury bill of the $100,000 denomination issued in the form of an engraved certificate.

(d) "Certified request" or "certified statement", as used in Subpart C, means a request or statement signed by or on behalf of a depositor and certified by an officer authorized to certify assignments of Treasury securities under Department of the Treasury Circular No. 300, current revision, the general regulations governing U.S. securities (31 CFR Part 306).

(e) "Bureau" means Bureau of the Public Debt, Washington, DC 20226.

(f) "Depositor", as used in Subpart C, means the individual, fiduciary or other entity in whose name (including, where appropriate, the title of an officer) an account is established and maintained on the books of the Treasury.

(g) "Fiduciary", as used in Subpart C, means an Executor, administrator, trustee; a legal guardian, committee, conservator or similar representative appointed by a court for the estate of a minor or incompetent; a custodian under a statute authorizing gifts to minors; a natural guardian of a minor; a voluntary guardian; or a life tenant under a will.

(h) "Member bank" means any national bank, or State bank or other bank or trust company, which is a member of a Reserve Bank.

(i) "Natural guardian", as used in Subpart C, means either parent of a minor or other person acting on the minor's behalf.

(j) "Pledge" includes a pledge of, or any other security interest in, book-entry Treasury bills as collateral for loans or advances, or to secure deposits of public moneys or the performance of an obligation.

(k) "Reserve Bank" means a Federal Reserve Bank and its branches, acting as Fiscal Agent of the United States and, where indicated, acting in its individual capacity.

(l) "Taxpayer identifying number" means the appropriate identifying number as required on tax returns and other documents submitted to the Internal Revenue Service, i.e., an individual's social security number or an employer identification number. A social security account number is composed of nine digits separated by two hyphens, for example, 123-45-6789; an employer idenfication number is composed of nine digits separated by one hyphen, for example, 12-3456789. The hyphens are an essential part of the numbers and must be included.

(m) "Treasury" means Department of the Treasury.

(n) "Voluntary guardian", as used in Subpart C, means the person who is acting for an individual who is incapacitated by reason of age, infirmity, or mental disability.

Subpart B—Book-Entry Treasury Bills—Federal Reserve Banks

§ 350.2 Authority of Reserve Banks.

Each Reserve Bank is hereby authorized, in accordance with this subpart, to:

(a) Issue book-entry Treasury bills by means of entries on its records, which shall include the name of the Bank's depositor, the latter's employer identification number, where appropriate, and the amount and maturity date of the bills, including the CUSIP number of each loan; (b) issue a confirmation of transaction in the form of an advice (serially numbered or otherwise), which specifies the mount, maturity date and CUSIP number of the bills, as well as the date of the transaction; and (c) otherwise service and maintain book-entry Treasury bills.

§ 350.3 Scope and effect of book-entry Treasury bill accounts maintained by Reserve Bank under this subpart.

(a) *Scope and effect of accounts maintained by Reserve Bank.* Except as provided in Subpart D, each Reserve Bank, as Fiscal Agent of the United States, is authorized to maintain book-entry Treasury bills in accounts held in its individual capacity, under terms and conditions which indicate that the Reserve Bank will continue to maintain such deposit accounts in its individual capacity, notwithstanding application of the book-entry procedure to such bills. This paragraph is applicable, but not limited to, book-entry Treasury bills maintained:

(1) As collateral pledged to a Reserve Bank (in its individual capacity) for advances by it;

(2) For a member bank for its sole account;

(3) For a member bank held for the account of its customers (See § 350.6 of this subpart);

(4) In connection with deposits in a member bank of funds of States, municipalities, or other political subdivisions;

(5) In connection with the performance of an obligation or duty under Federal, State, municipal, or local law, or judgments or decrees of courts; or

(6) The maintenance by a Reserve Bank of book-entry Treasury bills under this paragraph shall not derogate from or adversely affect the relationships that would otherwise exist between a Reserve Bank in its individual capacity and the entities for which accounts are maintained. The Reserve Bank is authorized to take all action necessary in respect of book-entry Treasury bills to enable such Reserve Bank in its individual capacity to perform its obligations as depositary with respect to such bills.

(b) *Use as collateral under Treasury circulars.* Each Reserve Bank, as Fiscal Agent of the United States, shall hold in book-entry form Treasury bills pledged as collateral to the United States under current revisions of Department of the Treasury Circulars No. 92 and No. 176 (31 CFR Parts 203 and 202).

§ 350.4 Transfer or pledge.

(a) *Reserve Bank records.* A transfer or a pledge of book-entry Treasury bills to a Reserve Bank (in its individual capacaity or as Fiscal Agent of the United States), or the United States, or to any transferee or pledgee eligible to maintain an appropriate book-entry account in its name with a Reserve Bank under this subpart, is effected and perfected, notwithstanding any provision of law to the contrary, by a Reserve Bank making an appropriate entry in its records of the Treasury bills transferred or pledged. The making of such an entry in the records of a Reserve Bank shall:

(1) Have the same effect as the delivery of Treasury bills in bearer definitive form; (2) have the effect of a taking of delivery by the transferee or pledge; (3) constitute the transferee or pledge a holder; and (4) if a pledge, effect a perfected security interest therein in favor of the pledgee. A transfer or pledge of Treasury bills effected under this paragraph shall have priority over any transfer, pledge, or other interest, theretofore or thereafter effected or perfected under paragraph (b) of this section or in any other manner.

(b) *Member banks and others.* A transfer or a pledge of book-entry Treasury bills, or any interest therein, maintained by a Reserve Bank (in its individual capacity or as Fiscal Agent of the United States) in a book-entry account under this subpart, including book-entry Treasury bills in accounts at the Reserve Bank maintained under § 350.3(a)(3) of this subpart by member banks for the account of their customers, is effected, and a pledge is perfected, by any means that would be effective under applicable law to effect a transfer or to effect and perfect a pledge of the Treasury bills, or any interest therein, if the Treasury bills were maintained by the Reserve Bank in bearer definitive form. For purposes of transfer or pledge hereunder, book-entry Treasury bills maintained by a Reserve Bank shall, notwithstanding any provision of law to the contrary, be deemed to be maintained in bearer definitive form. A Reserve Bank maintaining book-entry Treasury bills either in its individual capacity or as Fiscal Agent of the United States is not a bailee for purposes of notification of pledges of those bills under this paragraph or a third person in possession for purposes of acknowledgment of transfers thereof under this paragraph. A Reserve Bank will not accept notice or advice of a transfer or pledge effected or perfected under this paragraph, and any such notice or advice shall have no effect. A Reserve Bank may continue to deal with its depositor in accordance with the provisions of this subpart, notwithstanding any transfer or pledge effected or perfected under this paragraph.

(c) *Filing and recording unnecessary.* No filing or recording with a public recording office of officer shall be necessary or effective waith respect to any transfer or pledge of book-entry Treasury bills or any interest therein.

(d) *Transfer by Reserve Banks.* A transfer of book-entry Treasury bills within a Reserve Bank shall be made in accordance with procedures established by the Reserve Bank not inconsistent with this subpart. The transfer of book-entry Treasury bills by a Reserve Bank may be made through a telegraphic transfer procedure.

(e) *Timeliness of requests.* All requests for transfer or any authorized transaction must be received prior to the maturity of the bills.

§ 350.5 Reserve Bank discharged by action on instructions—delivery of Treasury securities.

A Reserve Bank which has received book-entry Treasury bills and effected pledges, made entries regarding them, or transferred or delivered them according to the instructions of its depositor is not liable for conversion or for participation in breach of fiduciary duty even though the depositor had no right to dispose of or take other action in respect of the securities. A Reserve Bank shall be fully discharged of its obligations under this subpart by the transfer or delivery of book-entry

Treasury bills upon the order of its depositor.

§ 350.6 Book-entry Treasury bill accounts.

(a) *Scope and effect of book-entry Treasury bill accounts*—(1) *Classes of accounts.* Reserve Banks are authorized to maintain book-entry Treasury bills for member banks for bills the member banks hold for their own account, or hold for the account of their customers, and as otherwise specified in § 350.3. Purchasers of book-entry Treasury bills, on original issue or otherwise, may have such bills maintained at member banks, or in accounts maintained at entities providing securities safekeeping services for customers (*e.g.*, nonmember banks or thrift institutions, or securities dealers) which have related accounts at member banks.

(2) *Identification of accounts.* Book-entry accounts may be established in such form or forms as customarily permitted by the entity (e.g., member bank, or other banking or thrift institution, or a securities dealer) maintaining them. The recommended identification for each such account would include data to permit both customer identification by name, address and taxpayer identifying number, as well as a determination of the Treasury bills being held in such account by amount, maturity date and CUSIP number, and of transactions relating thereto.

(3) *Pledges and transfers.* Where book-entry Treasury bills are maintained on the books of an entity for account of the pledgor or transferor thereof, such entity shall, for purposes of perfecting a pledge of such Treasury bills or effecting their delivery to a purchaser under applicable provisions of law, be the bailee to which notification of the pledge of the bills may be given or the third person in possession from which acknowledgment of the holding of the bills for the purchaser may be obtained.

(b) *Servicing book-entry Treasury bills—payment of book-entry Treasury bills at maturity.* Book-entry Treasury bills governed by this part may be transferred between accounts prior to maturity through a wire transfer arrangement maintained by Reserve Banks. At maturity, the bills shall be redeemed and charged by a Reserve Bank in the account of the United States Treasury as of the date of maturity, and the redemption proceeds shall be disposed of in accordance with the instructions from the member bank or other Reserve Bank depositor for whose account the Treasury bills shall have been maintained.

[41 FR 53337, Dec. 6, 1976, as amended at 41 FR 56195, Dec. 27, 1976]

Subpart C—Book-Entry Treasury Bills—Department of the Treasury

§ 350.7 Establishing a book-entry Treasury bill account.

(a) *General.* Treasury bills may be held as book-entries in accounts maintained by the Treasury. Such accounts may be established, either upon the original issue of book-entry Treasury bills or upon the subsequent transfer of such bills to the Treasury, but no later than one month prior to their maturity date. Each account shall consist of an entry showing the amount, maturity date and CUSIP number of the bills, the name of the individual, fiduciary or other entity (including, where appropriate, the title of an officer) for whom the account is held, the address, and the taxpayer identifying number. The records shall also include appropriate transaction data.

(b) *Recordation*—(1) *Individuals.* Accounts for book-entry Treasury bills may be held in the names of individuals in one of two forms: single name, i.e., "John A. Doe (123-45-6789) (address)"; or two names, i.e., "John A. Doe (123-45-6789) (address) or (Mrs.) Mary B. Doe (987-65-4321). No other form of recordation in two names, whether individuals or others, will be permitted, except in the case of co-fiduciaries.

(2) *Others.* Accounts for book-entry Treasury bills may be held in the names of fiduciaries and other entities in the forms indicated by the following examples:

John A. Smith and First National Bank, executors of the will of James B. Smith, deceased (12-3456789) (address).

May A. Queen, trustee under agreement with Thomas J. King, dated June 1, 1971 (12-3456789) (address).

Smith Manufacturing Company, Inc., James C. Brown, Treasurer (12-3456789) (address).

Grey and White (12-3456789) John D. Grey, General Partner (address).

J. Francis Doe, Secretary-Treasurer of Local 100, Brotherhood of Locomotive Engineers, an unincorporated association (12-3456789) (address).

John R. Greene, as natural guardian of Maxine S. Greene (123-45-6789) (address).

John A. Jones, as voluntary guardian of Henry M. Jones (123-45-6789) (address).

§ 350.8 Transfer.

Book-entry Treasury bills maintained under this subpart may not be transferred from one account maintained by the Treasury to another such account, except in cases of lawful succession, as provided in this subpart. They may be withdrawn from an account maintained by the Treasury hereunder and transferred through the Federal Reserve Bank communication system to an account maintained by or through a member bank under Subpart B, which transfer shall be made in the name or names appearing in the account recorded on the books of the Treasury. Such withdrawal may be effected by a certified request therefor by, or on behalf of, the depositor, provided the request therefor is received no earlier than twenty (20) business days after the issue date or the date the securities are transferred to the Treasury, whichever is later, or no later than twenty (20) business days before the maturity date. The request must:

(a) Identify the book-entry account by the name of the depositor and title, if any, the address, and the taxpayer identifying number;

(b) Specify by amount, maturity date and CUSIP number the book-entry Treasury bills to be withdrawn and transferred; and

(c) Specify the name of the member bank to or through which the transfer is to be effected and, where appropriate, the name of the institution or entity which is to maintain the book-entry account. In the case of book-entry Treasury bills held in the names of two individuals, a certified request by either will be accepted, but the transfer shall be made in the names of both. A transfer after original issue of book-entry Treasury bills from an account maintained by or through a member bank to one maintained by the Treasury may be made through the Federal Reserve Bank communication system, provided the account is to be held in a form authorized by this subpart, and provided the transfer is made no later than one month prior to the maturity date of the bills.

[45 FR 3261, Jan. 17, 1980]

§ 350.9 Confirmation of transaction.

The Treasury will issue to each depositor following any transaction affecting book-entry Treasury bills maintained for such depositor under this subpart a confirmation thereof in the form of an advice (serially numbered or otherwise) which shall describe the amount, maturity date and CUSIP number of the bills, and include pertinent transaction data.

§ 350.10 Attorney-in-fact.

A request by an attorney-in-fact for any transaction in book-entry Treasury bills after their original issue will be recognized in accordance with this subpart if supported by an adequate power of attorney. The original power or a photocopy showing the grantor's autograph signature, properly certified, must be submitted to the Bureau. A request for transfer for the apparent benefit of the attorney-in-fact will not be recognized unless expressly authorized.

§ 350.11 Succeeding fiduciaries, partners, officers—succeeding corporations, unincorporated associations, partnerships.

(a) *Death of fiduciary, partner or officer.* In case of the death, removal or disqualification of a fiduciary, partner or officer of an organization in whose name book-entry Treasury bills have been recorded, the successor or other authorized person will be recognized as the depositor under this subpart. Proof of death, resignation, removal or disqualification, as the case may be, and evidence that the successor or such other person is fully authorized to act must be submitted to the

Bureau. Proof of death shall be in the form of a death certificate or photocopy thereof showing the official seal. Evidence of authority should be in the form of a certified statement by:

(1) The surviving fiduciary or fiduciaries, if any, stating that application for the appointment of a successor has not been made, is not contemplated and is not necessary under the terms of the trust instrument or otherwise, (2) a surviving partner or partners that the partnership is being continued in the same, or another name, which must be identified, or (3) the secretary or other authorized officer of the corporation or unincorporated association as to the name and title of the successor officer. If there is more than one surviving fiduciary, a request for transfer of the bills must be signed by all, unless evidence is submitted to the Bureau that one is authorized to act for the other or others. If there is more than one surviving partner, evidence should be submitted to the Bureau as to which survivor is authorized to act in behalf of the partnership; otherwise, the signatures of all surviving partners will be required for transfer of the bills.

(b) *Succeeding corporations, unincorporated associations or partnership.* If a corporation has been succeeded by another corporation, or if an unincorporated association or partnership has been succeeded by a corporation, and such succession is by operation of law or otherwise, as the result of merger, consolidation, reincorporation, conversion or reorganization, or if a lawful succession has occurred in any manner whereby the business or activities of the original organization are continued without substantial change, an authorized officer or partner, as the case may be, of the successor organization will be recognized as the depositor under this subpart upon submission to the Bureau of satisfactory evidence of such succession.

§ 350.12 Termination of trust, guardianship estate, life tenancy—dissolution of corporation, partnership, unincorporated association.

(a) *Termination of trust, life tenancy or guardianship estate*—(1) *Trust or life estate.* Upon the termination of a trust or life estate, the beneficiary or remainderman will be recognized as the depositor under this subpart. The trustee will be required to submit to the Bureau a certified statement concerning the termination of the trust and the respective shares, if there is more than one beneficiary. In the case of a life estate, proof of death in the form of a death certificate or photocopy thereof showing the official seal will be required, together with a certified statement identifying the remainderman, and, if there is more than one, specifying the respective shares.

(2) *Guardianship.* A former minor or incompetent will be recognized as the depositor under this subpart upon submission to the Bureau of a certified statement, or other evidence showing, in the case of a minor, attainment of majority or other removal of the legal disability, and, in the case of an incompetent, his restoration to competency.

(b) *Dissolution of corporations, unincorporated associations and partnerships.* The person or persons (other than creditors) entitled to the assets upon dissolution of a corporation, unincorporated association or partnership will be recognized under this subpart upon proof of dissolution. If there is more than one person entitled and the book-entry Treasury bills have not matured, no change in the book-entry account will be made pending transfer or redemption at maturity.

§ 350.13 Death of individual (natural person in own right).

Upon the death of an individual in whose name an account is held and who was not acting as a fiduciary or in any other representative capacity, the following person(s), in the order shown below, will be recognized under this subpart as entitled to the book-entry Treasury bills:

(a) The surviving joint designee of an account in the names of two individuals, if any;

(b) Executor or administrator;

(c) Widow or widower;

(d) Child or children of the decedent and descendants of deceased children by representation;

(e) Parents of the decedent or the survivor of them;

(f) Surviving brothers or sisters;

(g) Descendants of deceased brothers or sisters;

(h) Other next-of-kin as determined by the laws of the domicile at the time of death.

(i) Any person or persons entitled in the above order of preference may request payment or other disposition to any person or persons related to the decedent by blood or marriage but no payment will be made prior to maturity of the bills. The provisions of this section are for the convenience of the Treasury and do not purport to determine ownership of the bills or of their redemption proceeds.

§ 350.14 Reinvestment or payment at maturity.

(a) *Request for reinvestment.* Upon the request of the depositor in whose name the account is maintained, book-entry Treasury bills held therein will be reinvested at maturity, i.e., their proceeds at maturity will be applied to the purchase of new Treasury bills at the average price (in three decimals) of accepted competitive bids for such Treasury bills then being offered. The request for a reinvestment may be made on the tender form at the time of purchase; subsequent requests for reinvestment will be accepted if received by the Bureau no later than twenty (20) business days prior to the maturity of the bills. The difference between the par value of the maturing bills and the issue price of the new bills will be remitted to the subscriber in the form of a Treasury check. Requests for the revocation of the reinvestment of bills will also be accepted if received no later than twenty (20) business days prior to the maturity date.

(b) *Reinvestment in cases of delay.* Where a delay occurs in the submission of receipt of evidence to support a request for transfer, payment or other authorized transaction of book-entry Treasury bills, and such delay is likely to extend beyond the maturity dates of the bills, upon request or prior notice, the bills will be redeemed, at maturity or thereafter, and their proceeds reinvested in new book-entry Treasury bills. The bills purchased upon such reinvestment shall be those having the shortest term to maturity then being offered, and will be issued at the average price (in three decimals) of the accepted competitive bids therefor. The discount representing the difference between the par value of the maturing or matured bills and the issue price of the new bills will be remitted in the form of a Treasury check.

(c) *Payment.* If reinvestment is not effected pursuant to this section, book-entry Treasury bills will be paid as of maturity in regular course.

[41 FR 53337, Dec. 6, 1976, as amended at 41 FR 56195, Dec. 27, 1976; 45 FR 3261, Jan. 17, 1980]

§ 350.15 Conclusive presumptions.

For the purposes of this subpart and notwithstanding any State law or any regulation or any notice to the contrary, it shall be conclusively presumed:

(a) That any depositor in whose name, or name and title, book-entry Treasury bills are recorded, is a competent adult, (b) that recordation in two names, as prescribed in § 350.7(b) of this subpart, is intended, if there is an attempt to create some other form of recordation in two names, (c) that recordation in the names of the first two is intended, if there is an attempt to name more than two individuals, and (d) that the first name is the depositor in any case (not authorized and not otherwise provided for in this subpart) wherein an attempt is made to have book-entry Treasury bills recorded in two or more names, e.g., two officers of an organization or two partners.

§ 350.16 Transactions in regular course—notice not effective—unacceptable notices.

(a) *Transactions in regular course—notices not effective.* Transfers of book-entry Treasury bills, payment thereof or reinvestment at maturity or any other transaction therein will be conducted in the regular course of business in accordance with this subpart, notwithstanding notice of the appointment of an attorney-in-fact, or a legal guardian or similar representative, or notice of successorship, the termination of an estate, the dissolution of an entity, or the death of an individual, unless the requisite request, proof, and the evidence necessary to establish entitlement under this subpart is received by the Bureau no later than twenty (20) business days prior to the maturity date of the bills.

(b) *Unacceptable notices.* The Treasury will not under any conditions accept notices of pending judicial proceedings, or of judgments in favor of creditors or others, or of any claims whatsoever, for the purpose of suspending or modifying any book-entry account or any transaction in book-entry Treasury bills.

[41 FR 53337, Dec. 6, 1976, as amended at 45 FR 3261, Jan. 17, 1980]

Subpart D—Definitive Treasury Bills

§ 350.17 Definitive Treasury bills—available where holding of definitive securities required by law—termination date December 31, 1978.

(a) *General.* Each Reserve Bank is authorized to issue definitive Treasury bills, in the $100,000 denomination only, upon original issue or otherwise: (1) To any entity described in paragraph (b) of this section, and (2) for the account of any such entity described in paragraph (b) of this section, to a securities dealer or broker or any financial institution which in the regular course of its business purchases securities therefor.

(b) *Eligible entities.* Entities eligible to have definitive Treasury bills are those required by or pursuant to Federal, State, municipal or local law to hold or to pledge securities in definitive form, which may include, but are not limited to: A State, municipality, city, township, county or any other political subdivision, public corporation or other public body, an insurance company, and a fiduciary so required to hold securities in definitive form.

(c) *Conversion of book-entry Treasury bills.* Each Reserve Bank is hereby authorized to effect, upon the order of its depositor, conversions from and to book-entry Treasury bills of definitive bills issued pursuant to this subpart.

(d) *Evidence of eligibility.* In order to obtain a definitive Treasury bill on original issue or thereafter:

(1) An authorized officer on behalf of the entity must furnish to the Reserve Bank a statement that it is required by, or pursuant to, law to hold or pledge securities in definitive form; or (2) a financial institution, dealer, or broker purchasing definitive Treasury bills hereunder for the account of any such entity must submit to the Reserve Bank a statement that the entity has declared that it is required by or pursuant to law to hold or pledge securities in definitive form.

(e) *Redemption requirements.* Where a definitive Treasury bill issued pursuant to this subpart is presented for payment at or after maturity, it must be accompanied by a statement:

(1) By an authorized officer of the entity making the presentation that such entity is eligible under this subpart to hold definitive securities, or (2) by the institution making the presentation identifying the entity to whose account the redemption proceeds of the bill have been, or are to be credited, and affirming that such entity had declared that it is eligible under this subpart to hold definitive securities.

(f) *Termination date.* The provisions of this subpart will apply only to definitive Treasury bills whose issuance in such form was authorized prior to December 31, 1978, and whose availability will be co-extensive with their maturity dates.

[41 FR 53337, Dec. 6, 1976, as amended at 41 FR 56195, Dec. 27, 1976]

§ 350.18 Sanctions for abuse of definitive Treasury bill privilege.

The Secretary of the Treasury reserves the right to disqualify any eligible entity described in paragraph (b) of § 350.17 from purchasing or holding definitive Treasury bills if he determines that such entity has disposed of such definitive Treasury bills solely for the purpose of accommodating another party, including a bank, broker, dealer, or other financial institution, or a customer of such institution.

PART 351—OFFERING OF UNITED STATES SAVINGS BONDS, SERIES EE

Sec.

351.0 Offering of bonds.
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351.2 Description of bonds.
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351.4 Limitation on purchases.
351.5 Purchase of bonds.
351.6 Delivery of bonds.
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351.10 Waiver.
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APPENDIX—EE BONDS BEARING ISSUE DATES BEGINNING NOVEMBER 1, 1982

AUTHORITY: Sec. 22, Second Liberty Bond Act, as mended, 49 Stat. 21, as amended (31 U.S.C. 757c); 5 U.S.C. 301.

SOURCE: 47 FR 49254, Oct. 29, 1982, unless otherwise noted.

§ 351.0 Offering of bonds.

The Secretary of the Treasury offers for sale to the people of the United States, United States Savings Bonds of Series EE, hereinafter referred to as "Series EE bonds" or "bonds." This offer, effective November 1, 1982, will continue until terminated by the Secretary of the Treasury.

§ 351.1 Governing regulations.

Series EE bonds are subject to the regulations of the Department of the Treasury, now or hereafter prescribed, governing United States Savings Bonds of Series EE and HH, contained in Department of the Treasury Circular, Public Debt Series No. 3-80 (31 CFR, Part 353), hereinafter referred to as Circular No. 3-80.

§ 351.2 Description of bonds.

(a) *General.* Series EE bonds are issued only in registered form and are nontransferable.

(b) *Denominations and prices.* Series EE bonds are issued on a discount basis. The denominations and purchase prices are:

Denomination	Purchase price
$50	$25.00
75	37.50
100	50.00
200	100.00
500	250.00
1,000	500.00
5,000	2,500.00
10,000	5,000.00

(c) *Term to maturity.* The issue date of a Series EE bond is the first day of the month in which payment of the issue price is received by an authorized issuing agent. Bond's mature as follows:

Issue dates	Maturity dates
November 1, 1982, and thereafter	10 years from issue date.
May 1, 1981–October 1, 1982	8 years from issue date
November 1, 1980–April 1, 1981	9 years from issue date
January 1, 1980–October 1, 1980	11 years from issue date

(d) *Redemption.* A Series EE bond may be redeemed after 6 months from its issue date at fixed redemption values. See Tables appended to this Circular. The Secretary of the Treasury may not call Series EE bonds for redemption prior to maturity.

(e) *Investment yield (interest)—bonds issued on or after November 1, 1982.* The investment yield of a Series EE bond issued on or after November 1, 1982, from its issue date to each interest accrual date occurring less than 5 years after issue will be graduated, as shown in Table 1 in the Appendix to this Circular. Its yield from issue date to each semiannual interest accrual date occurring on and after 5 years up to maturity will be the greater of the guaranteed minimum investment yield or the market-based variable investment yield as described below:

(1) *Guaranteed minimum investment yield.* The guaranteed minimum investment yield on a bond from its issue date to each semiannual interest accrual date occurring on or after 5 years from issue up to maturity will be 7.5 percent per annum, compounded semiannually.

(2) *Market-based variable investment yield.* If a Series EE bond is not sooner redeemed, its yield 5 years after issue date and on each successive semiannual interest accrual date will be determined as follows:

(i) For each 6-month period, starting with the period beginning on May 1, 1982, the average market yield on outstanding marketable Treasury securities with a remaining term to maturity of approximately 5 years during such period will be determined.

(ii) The market-based variable investment yield from the issue date of a bond to its semiannual interest accrual date 5 years thereafter will be 85 percent, rounded to the nearest one-fourth of 1 percent, of the arithmetic average of the market yield averages for the ten 6-month periods starting with the 6-month period that most recently ended before such issue date.

(iii) In determining the market-based variable investment yield for a bond from its issue date to each successive semiannual interest accrual date occurring after 5 years from issue up to maturity, the average market yield for the next additional 6-month average market yield will be included in the computation.

(iv) The determination by the Secretary of the Treasury, or his delegate, of the average market yields shall be final and conclusive.

Example. For bonds bearing issue dates of November 1, 1982, through April 1,1983, the market-based variable investment yield from issue date to 5 years will be determined from the ten 6-month market yield averages for the period from May 1, 1982, through April 30, 1987. The market-based variable investment yield from issue to 5½ years will be determined for the period from May 1 1982, through October 31, 1987. For bonds bearing issue dates of May 1, 1983, to October 1, 1983, the 5 year market-based variable investment yield will be determined for the period from November 1, 1982, through October 31, 1987, and the 5½ year market-based variable investment yield will be determined from November 1, 1982, through April 30, 1988. In each case where a bond is held for 5 years or longer its redemption value on the appropriate interest accrual date will be determined from such yield, unless the guaranteed minimum yield of 7.5 percent per annum, compounded semiannually, from issue to that accrual date results in a higher redemption value.

(f) *Investment yields (interest)—bonds issued prior to November 1, 1982.* For bonds bearing issue dates of January 1, 1980, through October 1, 1982, the investment yields shall be as follows:

(1) *Guaranteed minimum yield.* The guaranteed minimum yield on a bond from its first semiannual interest accrual date occurring on or after November 1, 1982, to each succeeding semiannual interest accrual date shall be the investment yield heretofore prescribed in this Circular.

(2) *Market-based variable investment yield.* If a bond is held for a period of 5 years after its first semiannual interest accrual date occurring on or after November 1, 1982, its yield for such period, and to each successive semiannual interest accrual date up to its maturity date, shall be the greater of either the guaranteed minimum yield specified above or the market-based variable investment yield computed as provided in paragraph (e)(2) of this section, using the appropriate number of 6-month periods, the first of which being the period beginning May 1, 1982.

(g) *Accrual and payment of interest.* Interest accrues on a Series EE bond and becomes a part of the redemption value which is paid when the bond is cashed. For bonds with issue dates from January 1, 1980, through October 1, 1980, the redemption value increases on the first day of each month from the third through the thirtieth month after issue, and thereafter on the first day of each successive 6-month period. For bonds with issue dates on and after November 1, 1980, the redemption value increases on the first day of each month from the third through the eighteenth month after issue, and thereafter on the first day of each successive 6-month period. The interest on an outstanding bond ceases to accrue after maturity.

(h) *Tables of redemption values.* For bonds with issue dates of November 1, 1982, and thereafter, Table 1 in the Appendix to this Circular shows the established redemption values and investment yields for the first 4½ years after issue and the guaranteed minimum yields and resulting redemption values from 5 years after issue to maturity. For bonds issued prior to November 1, 1982, tables showing the established redemption values and investment yields for interest accrual dates occurring less than 5 years from the first semiannual interest accrual period starting on or after November 1, 1982, and the guaranteed minimum investment yields and resulting redemption values for interest accrual dates occurring thereafter, will be available from the Bureau of the Public Debt and Federal Reserve Banks and Branches. The market-based variable investment yield for the period May 1, 1982, to April 30, 1987, as determined under this section, will be announced prior to November 1, 1987, and approximately every 6 months thereafter for successive, additional periods, by notice in the FEDERAL REGISTER, accompanied by tables of the redemption values of bonds for the following 6 months, as determined by the applicable market-based variable investment yield or minimum guaranteed yields.

§ 351.3 Registration and issue.

(a) *Registration.* Bonds may be registered in the names of natural persons in single ownership, coownership, or beneficiary form. Bonds may also be registered in the names of organizations and fiduciaries. Specific rules and examples are contained in Subpart B of Circular No. 3-80.

(b) *Validity of issue.* A bond is validly issued when it (1) is registered as provided in Circular No. 3-80; and (2) bears an issue date and the validation indicia of an authorized issuing agent.

(c) *Taxpayer identifying number.* The inscription of a bond must include the taxpayer identifying number of the owner or first-named coowner. The taxpayer identifying number of the second-named coowner or beneficiary is not required but its inclusion is desirable. If the bond is being purchased as a gift or award and the owner's taxpayer identifying number is not known, the taxpayer identifying number of the purchaser and the word "GIFT" must be included in the inscription on the bond.

(d) *Restrictions on chain letters.* The issuance of bonds in the furtherance of a chain letter or pyramid scheme is considered to be against the public interest and is prohibited. An issuing agent is authorized to refuse to issue a bond if there is reason to believe that a purchase is in connection with a chain letter and its decision is final.

§ 351.4 Limitation on purchases.

The amount of Series EE bonds which may be purchased and held in the name of any one person in any one calendar year is limited to $30,000 (face amount). Subpart C of Circular No. 3-80 contains the rules governing the computation of amounts and the special limitation for employee plans.

§ 351.5 Purchase of bonds.

(a) *Payroll plans.* Bonds may be purchased through deductions from the pay of employees of organizations which maintain payroll savings plans. The bonds must be issued by an authorized issuing agent, which may be the employer organization or a financial institution or Federal Reserve Bank or Branch servicing that organization.

(b) *Over-the-counter/mail*—(1) *At financial institutions.* Bonds registered in the names of individuals in their own right may be purchased over-the-counter or by mail at any financial institution, i.e., bank, savings and loan association, etc. qualified as an issuing agent.

(2) *At Federal Reserve Banks or Branches and the Bureau of the Public Debt*—(i) *General.* Bonds registered in any authorized form may be purchased over-the-counter or by mail from a Federal Reserve Bank or Branch, and from the Bureau of the Public Debt, Washington, DC 20226.

(ii) *Remittance.* The application for purchase of a bond from a Federal Reserve Bank or Branch or from the Bureau of the Public Debt, Washington, DC 20226, must be accompanied by the remittance to cover the issue price. Checks or other forms of exchange, which will be accepted subject to collection, should be drawn to the order of the Federal Reserve Bank or Branch or the Bureau of the Public Debt, as the case may be. Checks payable by endorsement are not acceptable.

(3) *Payment with savings stamps.* Savings stamps will be accepted in payment for Series EE bonds purchased over-the-counter or by mail.

(c) *Bond-a-month plan.* A depositor of a financial institution qualified as an issuing agent may purchase bonds through a system of regular monthly withdrawals from the depositor's account.

(d) *Employee thrift, savings, vacation, and similar plans.* Bonds registered in the names of trustees of employee plans may be purchased either (1) from a Federal Reserve Bank or Branch, or (2) from a financial institution which:

(i) Is a qualified issuing agent;

(ii) Has been designated trustee of an approved employee plan eligible for the special limitation under Sec. 353.13 of Circular No 3-80; and

(iii) Has obtained prior approval to issue the bonds from the Federal Reserve Bank of the agent's district.

§ 351.6 Delivery of bonds.

Issuing agents are authorized to deliver Series EE bonds either over-the-counter or by mail. Mail deliveries are made at the risk and expense of the United States to the address given by the purchaser, if it is within the United States, its territories or possessions, or the Commonwealth of Puerto Rico. No mail deliveries elsewhere will be made, except to residents of Mexico and Canada, who participate in payroll savings plans and to residents of what was formerly the Panama Canal Zone. Bonds purchased by a citizen of the United States residing abroad will be delivered only to such address in the United States as the purchaser directs.

§ 351.7 Payment or redemption.

(a) *Incorporated banks, savings and loan associations, and other financial institutions.* A financial institution qualified as a paying agent under the provisions of Department of the Treasury Circular No. 750 (31 CFR Part 321) will pay the current redemption value of a Series EE bond presented for payment by an individual whose name is inscribed on the bond as owner or coowner, provided: (1) The bond is in order for payment and (2) the presenter establishes his or her identify to the satisfaction of the agent, in accordance with Treasury instructions and identification guidelines, and signs and completes the request for payment.

(b) *Federal Reserve Banks and Branches and the Bureau of the Public Debt.* A Federal Reserve Bank or Branch of the Bureau of the Public Debt will pay the current redemption value of a Series EE bond presented for payment, provided the bond is on order for payment and the request for payment on the bonds is properly signed and certified in accordance with Circular No. 3-80.

§ 351.8 Taxation.

(a) *General.* The increment in value, represented by the difference between the price paid for a Series EE bond and the redemption value received for it, is interest. This interest is subject to all taxes imposed under the Internal Revenue Code of 1954, as amended. The bonds are subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but are exempt from all other taxation now or hereafter imposed on the principal or interest by any State, any possession of the United States or any local taxing authority.

(b) *Federal income tax on bonds.* An owner of Series EE bonds may use either of the following two methods for reporting the increase in the redemption value of the bond for Federal income tax purposes:

(1) *Cash basis.* Defer reporting the increase to the year of maturity, redemption, or other disposition, whichever is earlier; or

(2) *Accrual basis.* Elect to report the increase each year as it accrues, in which case the election applies to all Series EE bonds then owned by the taxpayer and those subsequently acquired, as well as to any other obligations purchased on a discount basis, such as those of Series E.

(3) If the method in paragraph (b)(1) of this section is used, the taxpayer may change to the method in paragraph (b)(2) of this section without obtaining permission from the Internal Revenue Service. However, once

the election to use the method in paragraph (b)(2) of this section is made, the taxpayer may not change the method of reporting unless he or she obtains permission from the Internal Revenue Service. For further information, the District Director of the taxpayer's district, or the Internal Revenue Service, Washington, DC 20224, should be consulted.

(c) *Tax-deferred exchanges.* Department of the Treasury Circular, Public Debt Series No. 2-80 (31 CFR Part 352), authorizes the exchange of Series EE bonds for Series HH bonds with a continuation of the tax-deferral privilege. The rules governing tax-deferred exchanges are contained in that Circular.

(d) *Reissue.* A reissue that affects the rights of any of the persons named on a Series EE bond may have a tax consequence.

§ 351.9 Reservation as to issue of bonds.

The Commissioner of the Public Debt, as delegate of the Secretary of the Treasury, is authorized to reject any application for Series EE bonds, in whole or in part, and to refuse to issue or permit to be issued any bonds in any case or class of cases, if he deems the action to be in the public interest, and his action in any such respect is final.

§ 351.10 Waiver.

The Commissioner of the Public Debt, as delegate of the Secretary of the Treasury, may waive or modify any provision of this circular in any particular case or class of cases for the convenience of the United States or in order to relieve any person or persons of unnecessary hardship (a) if such action would not be inconsistent with law or equity, (b) if it does not impair any existing rights, and (c) if he is satisfied that such action would not subject the United States to any substantial expense or liability.

§ 351.11 Fiscal agents.

Federal Reserve Banks and Branches, as fiscal agents of the United States, are authorized to perform such services as may be requested of them by the Secretary of the Treasury, or his delegate, in connection with the issue, servicing and redemption of Series EE bonds.

§ 351.12 Reservation as to terms of offer.

The Secretary of the Treasury may at any time or from time to time supplement or amend the terms of this offering of bonds.

APPENDIX—EE BONDS BEARING ISSUE DATES BEGINNING NOVEMBER 1, 1982

ISSUE PRICE		$25.00	$37.50	$50.00	$100.00	$250.00	$500.00	$2500.00	$ 5000.00	APPROXIMATE INVESTMENT YIELD (ANNUAL PERCENTAGE RATE)		
MATURITY VALUE		52.22	78.33	104.44	208.88	522.20	1044.40	5222.00	10444.00			
PERIOD (YEARS AND MONTHS AFTER ISSUE)		(1) REDEMPTION VALUES DURING EACH PERIOD (VALUES INCREASE ON FIRST DAY OF PERIOD)								(2) FROM ISSUE DATE TO START OF PERIOD	(3) DURING EACH PERIOD	(4) FROM START OF PERIOD TO MATURITY
										PERCENT	PERCENT	PERCENT
A/ 0-0 TO 0-2	1/(11/1/82)	$25.00	$37.50	$50.00	$100.00	$250.00	$500.00	$2500.00	$ 5000.00	----	4.35	7.50
0-2 TO 0-3	(1/1/83)	25.18	37.77	50.36	100.72	251.80	503.60	2518.00	5036.00	4.35	3.84	7.56
0-3 TO 0-4	(2/1/83)	25.26	37.89	50.52	101.04	252.60	505.20	2526.00	5052.00	4.18	3.83	7.59
0-4 TO 0-5	(3/1/83)	25.34	38.01	50.68	101.36	253.40	506.80	2534.00	5068.00	4.09	3.82	7.62
0-5 TO 0-6	(4/1/83)	25.42	38.13	50.84	101.68	254.20	508.40	2542.00	5084.00	4.04	4.77	7.56
0-6 TO 0-7	(5/1/83)	25.52	38.28	51.04	102.08	255.20	510.40	2552.00	5104.00	4.16	5.71	7.58
0-7 TO 0-8	(6/1/83)	25.64	38.46	51.28	102.56	256.40	512.80	2564.00	5128.00	4.38	6.64	7.70
0-8 TO 0-9	(7/1/83)	25.78	38.67	51.56	103.12	257.80	515.60	2578.00	5156.00	4.66	7.56	7.71
0-9 TO 0-10	(8/1/83)	25.94	38.91	51.88	103.76	259.40	518.80	2594.00	5188.00	4.98	6.56	7.71
0-10 TO 0-11	(9/1/83)	26.08	39.12	52.16	104.32	260.80	521.60	2608.00	5216.00	5.14	7.48	7.72
0-11 TO 1-0	(10/1/83)	26.24	39.36	52.48	104.96	262.40	524.80	2624.00	5248.00	5.35	7.43	7.72
1-0 TO 1-1	(11/1/83)	26.40	39.60	52.80	105.60	264.00	528.00	2640.00	5280.00	5.52	5.45	7.72
1-1 TO 1-2	(12/1/83)	26.54	39.81	53.08	106.16	265.40	530.80	2654.00	5308.00	5.59	5.41	7.74
1-2 TO 1-3	(1/1/84)	26.68	40.02	53.36	106.72	266.80	533.60	2668.00	5336.00	5.65	5.45	7.75
1-3 TO 1-4	(2/1/84)	26.80	40.20	53.60	107.20	268.00	536.00	2680.00	5360.00	5.64	5.35	7.77
1-4 TO 1-5	(3/1/84)	26.94	40.41	53.88	107.76	269.40	538.80	2694.00	5388.00	5.58	6.32	7.78
1-5 TO 1-6	(4/1/84)	27.08	40.62	54.16	108.32	270.80	541.60	2708.00	5416.00	5.72	5.28	7.80
1-6 TO 2-0	(5/1/84)	27.22	40.83	54.44	108.88	272.20	544.40	2722.00	5444.00	5.75	6.76	7.81
2-0 TO 2-6	(11/1/84)	28.14	42.21	56.28	112.56	281.40	562.80	2814.00	5628.00	6.00	7.25	7.83
2-6 TO 3-0	(5/1/85)	29.16	43.74	58.32	116.64	291.60	583.20	2916.00	5832.00	6.25	7.82	7.92
3-0 TO 3-6	(11/1/85)	30.30	45.45	60.60	121.20	303.00	606.00	3030.00	6060.00	6.51	8.18	7.93
3-6 TO 4-0	(5/1/86)	31.54	47.31	63.08	126.16	315.40	630.80	3154.00	6308.00	6.75	8.88	7.91
4-0 TO 4-6	(11/1/86)	32.94	49.41	65.88	131.76	329.40	658.80	3294.00	6588.00	7.02	9.23	7.83
4-6 TO 5-0	(5/1/87)	34.46	51.69	68.92	137.84	344.60	689.20	3446.00	6892.00	7.26	9.75	7.70
B/ 5-0 TO 5-6	(11/1/87)	36.14	54.21	72.28	144.56	361.40	722.80	3614.00	7228.00	7.51	7.53	7.50
5-6 TO 6-0	(5/1/88)	37.50	56.25	75.00	150.00	375.00	750.00	3750.00	7500.00	7.51	7.47	7.50
6-0 TO 6-6	(11/1/88)	38.90	58.35	77.80	155.60	389.00	778.00	3890.00	7780.00	7.51	7.51	7.50
6-6 TO 7-0	(5/1/89)	40.36	60.54	80.72	161.44	403.60	807.20	4036.00	8072.00	7.51	7.43	7.50
7-0 TO 7-6	(11/1/89)	41.86	62.79	83.72	167.44	418.60	837.20	4186.00	8372.00	7.50	7.55	7.51
7-6 TO 8-0	(5/1/90)	43.44	65.16	86.88	173.76	434.40	868.80	4344.00	8688.00	7.50	7.46	7.50
8-0 TO 8-6	(11/1/90)	45.06	67.59	90.12	180.24	450.60	901.20	4506.00	9012.00	7.50	7.55	7.51
8-6 TO 9-0	(5/1/91)	46.76	70.14	93.52	187.04	467.60	935.20	4676.00	9352.00	7.50	7.44	7.50
9-0 TO 9-6	(11/1/91)	48.50	72.75	97.00	194.00	485.00	970.00	4850.00	9700.00	7.50	7.51	7.53
9-6 TO 10-0	(5/1/92)	50.32	75.48	100.64	201.28	503.20	1006.40	5032.00	10064.00	7.50	7.55	7.53
10-0 2/	(11/1/92)	52.22	78.33	104.44	208.88	522.20	1044.40	5222.00	10444.00	7.50		

1/ MONTH, DAY, AND YEAR ON WHICH ISSUES OF NOVEMBER 1, 1982 ENTER EACH PERIOD. FOR SUBSEQUENT ISSUE MONTHS ADD THE APPROPRIATE NUMBER OF MONTHS.

2/ MATURITY VALUE IS REACHED 10 YEARS AND 0 MONTHS AFTER ISSUE DATE.

A/ THE REDEMPTION VALUES AND INVESTMENT YIELDS SHOWN FOR INTEREST ACCRUAL DATES BEFORE FIVE YEARS AFTER ISSUE ARE THOSE ESTABLISHED UNDER SECTION 352.2(E) OF THIS CIRCULAR.

B/ THE REDEMPTION VALUES AND INVESTMENT YIELDS SHOWN FOR INTEREST ACCRUAL DATES FIVE YEARS AFTER ISSUE AND THEREAFTER REPRESENT THE MINIMUM GUARANTEED INVESTMENT YIELDS PROVIDED BY SECTION 352.2(E)(1) OF THIS CIRCULAR. THESE REDEMPTION VALUES WILL APPLY UNLESS APPLICATION OF THE VARIABLE RATE PRESCRIBED UNDER SECTION 352.2(E)(2) PRODUCES A HIGHER REDEMPTION VALUE.

PART 352—OFFERING OF UNITED STATES SAVINGS BONDS, SERIES HH

Sec.

352.0 Offering of bonds.
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TABLE 1—BONDS BEARING ISSUE DATES BEGINNING Nov. 1, 1982

AUTHORITY: Sec. 22, Second Liberty Bond Act, as amended, 49 Stat. 21, as amended (31 U.S.C. 757c); (5 U.S.C. 301).

SOURCE: 47 FR 49260, Oct. 29, 1982, unless otherwise noted.

§ 352.0 Offering of bonds.

The Secretary of the Treasury hereby offers to the people of the United States, United States Savings Bonds of Series HH in exchange for outstanding United States Savings Bonds of Series E and EE and United States Savings Notes (Freedom Shares). This offering, effective as of November 1, 1982, will continue until terminated by the Secretary of the Treasury.[1]

§ 352.1 Governing regulations.

Series HH bonds are subject to the regulations of the Department of the Treasury, now or hereafter prescribed, governing United States Savings Bonds of Series EE and HH, contained in Department of the Treasury Circular, Public Debt Series No. 3-80 (31 CFR Part 353), hereinafter referred to as Circular No. 3-80.

§ 352.2 Description of bonds.

(a) *General.* Series HH bonds are issued only in registered form and are nontransferable. Bonds sold for cash under prior revisions of this Circular and bonds issued on exchange are distinguishable by: (1) The portraits, color and border design; (2) the tax-deferral legend on the bonds issued on exchange; (3) the word "CASH" or "EXCHANGE", as appropriate, on the back of the bond; and (4) text material.

(b) *Denominations and prices.* Series HH bonds are isssued at face amount and are in denominations of $500, $1,000, $5,000 and $10,000.

(c) *Term.* Each bond bears an issue date which is the date from which interest is earned. The date is established as provided in § 352.7(f). The bond matures 10 years from the issue date.

(d) *Redemption*—(1) *General.* A Series HH bond may be redeemed after six months from its issue date. The Secretary of the Treasury may not call Series HH bonds for redemption prior to maturity. In any case where Series HH bonds are surrendered to a Federal Reserve Bank or Branch or the Bureau of the Public Debt, Parkersburg, WV 26106-1328, for redemption in the month prior to an interest payment date, redemption will not be deferred but will be made in regular course, unless the presenter specifically requests that the transaction be delayed until that date. A request to defer redemption made more than one month preceding the interest payment date will not be accepted.

(e) *Investment yield (interest).* The level interest payments on Series HH bonds will produce the investment yields specified below on all bonds issued on exchange and on bonds purchased for cash under previous revisions of this Circular that are held for at least 5 years from their issue (see paragraph (d)(2) of this section concerning bonds purchased for cash that are redeemed earlier than 5 years from their issue).

(1) *Current offering.* Series HH bonds issued on and after November 1, 1982, will yield 7.5 percent per annum,

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[1] Under prior revisions of this offering, Series HH bonds were also offered for cash purchase. This cash offering terminated on October 31, 1982.

compounded semiannually. See Table 1 in the Appendix to this Circular.

(2) *Bonds with issue dates of May 1, 1981 to October 1, 1982.* Series HH bonds with issue dates of May 1, 1981, through October 1, 1982, will yield 8.5 percent per annum, compounded semiannually.

(3) *Bonds with issue dates from November 1, 1980 to April 1, 1981.* Series HH bonds with issue dates of November 1, 1980, through April 1, 1980, were originally offered to yield 7½ percent per annum, compounded semiannually. The yield to maturity was increased by 1 percent, effective with the first full semiannual interest accrual period beginning on or after May 1, 1981.

(4) *Bonds with issue dates from January 1, 1980 to October 1, 1980.* Series HH bonds with issue dates of January 1, 1980, through October 1, 1980, were originally offered to yield 6.5 percent per annum, compounded semiannually. The yield to maturity was increased by 1 percent, effective with the first full semiannual interest accrual period beginning on or after November 1, 1980, and an additional 1 percent, effective with the first full semiannual interest accrual period beginning on or after May 1, 1981.

(f) *Payment of interest.* The interest on a Series HH bond is paid semiannually to the registered owner or coowners by check, beginning six months from the issue date. Interest ceases at final maturity unless the bond is redeemed earlier. If a bond is redeemed on its interest payment date, interest ceases on that date. However, no interest is paid on a bond for the period it is held between interest payment dates.

(g) *Tables of interest payments and redemption values.* Tables showing the interest payments and redemption values of bonds issued under previous revisions of this Circular will be available from the Bureau of the Public Debt and Federal Reserve Banks and Branches.

[47 FR 49260, Oct. 29, 1982, as amended at 51 FR 23753, July 1, 1986]

EFFECTIVE DATE NOTE: At 51 FR 23753, July 1, 1986, in § 352.2, paragraphs (d) and (f) were revised, effective September 19, 1986. For the convenience of the user, the superseded text is set forth as follows:

§ 352.2 Description of bonds.

* * * * *

(d) *Redemption*—(1) *General.* A Series HH bond may be redeemed after six months from its issue date. The Secretary of the Treasury may not call Series HH bonds for redemption prior to maturity. A bond received for redemption by an agent during the calendar month preceding any interest payment will not ordinarily be paid until that date.

(2) *Bonds purchased for cash.* During the first five years from issue, the redemption value of a bond purchased for cash under previous revisions of this Circular is less than face amount. The difference between the face amount and redemption value represents an adjustment of interest. After five years, the bond will be paid at face amount.

(3) *Bonds issued on exchange.* Bonds issued on exchange, including authorized reinvestment, are not subject to an interest adjustment and will be redeemed at face amount at any time after six months from their issue dates.

* * * * *

(f) *Payment of interest.* The interest on a Series HH bond is paid semiannually by check drawn to the order of the registered owner or coowners, beginning six months from the issue date. Interest ceases at final maturity, or, if the bond is redeemed before final maturity, as of the end of the interest period next preceding the date of redemption. However, if the date of redemption falls on an interest payment date, interest ceases on that date.

* * * * *

§ 352.3 Registration and issue.

(a) *Registration.* Bonds may be registered in the names of natural persons in single ownership, coownership or beneficiary forms. Bonds may also be registered in the names of organizations and fiduciaries. Specific rules and examples are contained in Subpart B of Circular No. 3-80.

(b) *Validity of issue.* A bond is validly issued when it (1) is registered as provided in Circular No. 3-80 and in this Circular; and (2) bears an issue date and the validation indicia of an authorized issuing agent.

(c) *Taxpayer identifying number.* The inscription of a bond must include the taxpayer identifying number of the owner or first-named coowner. The taxpayer identifying number of the second-named coowner or beneficiary is not required but its inclusion is desirable.

§ 352.4 Limitation on purchases

The amount of Series HH bonds purchased for cash under previous revisions of this Circular and held in the name of any one person in any one calendar year was limited to $20,000 (face amount). Bonds issued on authorized exchange or reinvestment are not subject to this limitation. Subpart C of Circular No. 3-80 contains the rules governing the computation of amounts and the special limitation for exempt organizations.

§ 352.5 Authorized issuing and paying agents.

Series HH bonds may be issued or redeemed only by (a) a Federal Reserve Bank or Branch, (b) the Bureau of the Public Debt, Washington, DC 20226, or (c) the Bureau of the Public Debt, 200 Third Street, Parkersburg, West Virginia 26101.

§ 352.6 [Reserved]

§ 352.7 Issues on exchange.

(a) *Securities eligible for exchange.* Owners may exchange United States Savings Bonds of Series E and EE and United States Savings Notes (Freedom Shares) at their current redemption values for Series HH bonds. Series E bonds are eligible for exchange until one year after their final maturity dates. Series EE bonds become eligible for exchange six months after their issue dates.

(b) *Basis for issue.* Series HH bonds will be issued on exchange by an authorized issuing agent upon receipt of a properly executed exchange subscription with eligible securities and additional cash, if any, and any supporting evidence that may be required under the regulations. If eligible securities are submitted directly to a Federal Reserve Bank or Branch or the Bureau of the Public Debt, each must bear a properly signed and certified request for payment. Checks in payment of any cash difference (see paragraph (d) of this section) must be drawn to the order of the Federal Reserve Bank or Branch or Bureau of the Public Debt.

(c) *Role of financial institutions.* Department of the Treasury Circular No. 750, current revision (31 CFR Part 321), authorizes financial institutions qualified as paying agents for savings bonds and notes to redeem eligible securities presented for exchange and to forward an exchange subscription and full payment to a Federal Reserve Bank or Branch for the issue of Series HH bonds. The securities redeemed on exchange by such an institution must be securities which it is authorized to redeem for cash.

(d) *Computation of issue price.* The total current redemption value of the eligible securities submitted in exchange in any one transaction must be $500 or more. If the current redemption value is an even multiple of $500, Series HH bonds must be registered in that exact amount. If the total current redemption value exceeds, but is not an even multiple of, $500, the owner has the option either of furnishing the cash necessary to obtain Series HH bonds at the next highest $500 multiple, or of receiving payment of the next highest $500 multiple, or of receiving payment of the next lower $500 multiple. For example, if the eligible securities presented for exchange in one transaction have a total current redemption value of $4,253.33, the owner may elect to:

(1) Receive $4,000 in Series HH bonds and the amount of the difference, $253.33; or

(2) Pay the difference, $246.67 necessary to obtain $4,500 in Series HH bonds.

(e) *Registration.* A Series HH bond issued on exchange may be registered in any authorized form (see Subpart B of Circular No. 3-80), subject to the following restrictions:

(1) If the securities submitted in exchange are in single ownership form, the owner must be named as owner or first-named coowner on the Series HH bonds. A coowner or beneficiary may be named.

(2) If the securities submitted in exchange are in coownership form, and one coowner is the "principal coowner", the "principal coowner" must be named as owner or first-named coowner. A beneficiary or coowner may be named. The "principal coowner" is a coowner who (i) purchased the securities submitted for exchange with his or her own funds, or (ii) received them as a gift, inheritance or legacy, or as a result of judicial proceedings, and had them reissued in coownership form, provided he or she has received no contribution in money or money's worth for designating the other coowner on the securities.

(3) If the securities submitted in exchange are in coownership form and both coowners shared in the purchase of the securities or received them jointly as a gift, inheritance or legacy or a result of judicial proceedings, both persons must be named as coowners on the Series HH bonds.

(4) If the securities submitted in exchange are in beneficiary form, the owner must be named on the Series HH bonds as owner or first-named coowner. If the owner is deceased, a surviving beneficiary must be named as owner or first-name coowner. In either case, a coowner or beneficiary may be named.

A reissue that affects any of the persons required to be named on the Series HH bond may have a tax consequence.

(f) *Dating.* Series HH bonds issued on exchange will be dated as of the first day of the month in which the eligible securities persented for exchange are redeemed by a Federal Reserve Bank, the Bureau of the Public Debt, or a qualified paying agent, as evidenced by the payment stamp on the bonds and subscription form.

(g) *Tax-deferred exchanges.* (1) *Continuation of tax-deferral.* Pursuant to the provisions of Section 1037(a) of the Internal Revenue Code of 1954, as amended, and owner who has not been reporting the interest on his or her Series E or EE savings bonds and savings notes on an accrual basis for Federal income tax purposes, and who exchanges those securities of Series HH bonds, may continue to defer reporting the interest on the securities exchanged until the taxable year in which the Series HH bonds received in the exchange reach final maturity, are redeemed, or are otherwise disposed of, whichever is earlier.

(2) *Tax-deferral legend.* Each bond issued on a tax-deferred exhange shall bear a legend showing how much of its issue price represents interest on the securities exchanged. This interest must be treated as income for Federal income tax purposes and reported in accordance with paragraph (g)(1) of this section.

(3) *Reporting of interest for any difference paid on exchange.* The amount of any difference paid to the owner (see paragraph (d)(1) of this section) must be treated as income for Federal income tax reporting purposes for the year in which it is received, up to the amount of the total interest on the securities exchanged.

(h) *Exchanges without tax-deferral.* The rules prescribed for exchanges under paragraphs (a) through (f) of this section also apply to exchanges by owners who (1) report the interest on their bonds of Series E and EE and savings notes annually for Federal income tax purposes; (2) elect to report all such interest in the year of the exchange regardless of whether or not it exceeds the amount of any cash difference received (see paragraph (d)(1) of this section), or (3) are tax-exempt under the provisions of the Internal Revenue Code of 1954, as amended. However, no amount will appear in the tax-deferral legend printed on the bond, and any part of the cash difference received (see paragraph (d)(1) of this section) which represents interest previously reported for Federal income tax purposes need not be treated as income.

§ 352.8 Reinvestment of matured Series H bonds.

(a) *General.* The face amount of Series H bonds purchased for cash that have reached final maturity may be reinvested in Series HH bonds. The Series H bonds, bearing properly signed and certified requests for payment, must be submitted to a Federal Reserve Bank or Branch or the

Bureau of the Public Debt with a reinvestment application.

(b) *Rules.* The reinvestment transaction will be subject to the rules governing exchanges, as set forth in § 352.7, and the Series HH bonds issued on reinvestment will be identical in all respects with those issued on a non-tax-deferred exchange.

§ 352.9 Delivery of bonds.

Authorized issuing agents will deliver Series HH bonds either (a) over-the-counter, or (b) by mail. Mail deliveries are made at the risk and expense of the United States, to the address give by the purchaser, if it is within the United States, one of its territories or possessions, or the Commonwealth of Purerto Rico. No mail deliveries elsewhere will be made. Bonds purchased by a citizen of the United States residing abroad will be delivered only to such address in the United States as the purchaser directs.

§ 352.10 Taxation.

The interest paid on Series HH bonds is subject to all taxes imposed under the Internal Revenue Code of 1954, as amended. The bonds are subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest by any State, any of the possessions of the United States, or any local taxing authority.

§ 352.11 Reservation as to issue of bonds.

The Commissioner of the Public Debt, as delegate of the Secretary of the Treasury, reserves the right to reject any application for Series HH bonds, in all or in part, and to refuse to issue or permit to be issued any bonds in any case or classes of cases, if he deems the action to be in the public interest, and his action in such respect is final.

§ 352.12 Waiver.

The Commissioner of the Public Debt, as delegate of the Secretary of the Treasury, may waive or modify any provision of this Circular in any particular case or class of cases for the convenience of the United States or in order to relieve any person or persons of unnecessary hardships (a) if such action would not be inconsistent with law or equity, (b) if it does not impair any existing rights, and (c) if he is satisfied that such action would not subject the United States to any substantial expense or liability.

§ 352.13 Fiscal agents.

Federal Reserve Banks and Branches, as fiscal agents of the United States, are authorized to perform such services as may be requested of them by the Secretary of the Treasury, or his delegate, in connection with the issue, servicing, and redemption of series HH bonds.

§ 352.14 Reservation as to terms of offer.

The Secretary of the Treasury may at any time or from time to time supplement or amend the terms of this offering of bonds.

TABLE 1

BONDS BEARING ISSUE DATES BEGINNING NOV. 1, 1982

ISSUE PRICE	$500	$1,000	$5,000	$10,000	APPROXIMATE INVESTMENT YIELD (ANNUAL PERCENTAGE RATE)		
REDEMPTION AND MATURITY VALUE 1/	500	1,000	5,000	10,000			
PERIOD OF TIME BOND IS HELD AFTER ISSUE DATE	(1) AMOUNTS OF INTEREST CHECKS FOR EACH DENOMINATION				(2) FROM ISSUE TO EACH INTEREST PAYMENT DATE	(3) FOR HALF-YEAR PERIOD PRECEDING INTEREST PAYMENT DATE	(4) FROM EACH INTEREST PAYMENT DATE TO MATURITY
					PERCENT	PERCENT	PERCENT
.5 YEARS	$18.75	$37.50	$187.50	$375.00	7.50	7.50	7.50
1.0 YEARS	18.75	37.50	187.50	375.00	7.50	7.50	7.50
1.5 YEARS	18.75	37.50	187.50	375.00	7.50	7.50	7.50
2.0 YEARS	18.75	37.50	187.50	375.00	7.50	7.50	7.50
2.5 YEARS	18.75	37.50	187.50	375.00	7.50	7.50	7.50
3.0 YEARS	18.75	37.50	187.50	375.00	7.50	7.50	7.50
3.5 YEARS	18.75	37.50	187.50	375.00	7.50	7.50	7.50
4.0 YEARS	18.75	37.50	187.50	375.00	7.50	7.50	7.50
4.5 YEARS	18.75	37.50	187.50	375.00	7.50	7.50	7.50
5.0 YEARS	18.75	37.50	187.50	375.00	7.50	7.50	7.50
5.5 YEARS	18.75	37.50	187.50	375.00	7.50	7.50	7.50
6.0 YEARS	18.75	37.50	187.50	375.00	7.50	7.50	7.50
6.5 YEARS	18.75	37.50	187.50	375.00	7.50	7.50	7.50
7.0 YEARS	18.75	37.50	187.50	375.00	7.50	7.50	7.50
7.5 YEARS	18.75	37.50	187.50	375.00	7.50	7.50	7.50
8.0 YEARS	18.75	37.50	187.50	375.00	7.50	7.50	7.50
8.5 YEARS	18.75	37.50	187.50	375.00	7.50	7.50	7.50
9.0 YEARS	18.75	37.50	187.50	375.00	7.50	7.50	7.50
9.5 YEARS	18.75	37.50	187.50	375.00	7.50	7.50	7.50
10.0 YEARS 2/	18.75	37.50	187.50	375.00	7.50	7.50	----

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1/ AT ALL TIMES, EXCEPT THAT BOND IS NOT REDEEMABLE DURING FIRST 6 MONTHS.

2/ MATURITY REACHED AT 10 YEARS AND 0 MONTHS AFTER ISSUE DATE.

PART 353—REGULATIONS GOVERNING UNITED STATES SAVINGS BONDS, SERIES EE AND HH

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AUTHORITY: Sec. 22 of the Second Liberty Bond Act, as amended, 49 Stat. 21, as amended (31 U.S.C. 757c); Sec. 8 of Act of July 8, 1937, as amended, 50 Stat. 481, as amended (31 U.S.C. 738a); 5 U.S.C. 301.

SOURCE: Dept. Circ., Public Debt Series No. 3-80, 44 FR 76441, Dec. 26, 1979, unless otherwise noted.

Subpart A—General Information

§ 353.0 Applicability.

The regulations in this circular, Department of the Treasury Circular, Public Debt Series No. 3-80, govern United States Savings Bonds of Series EE and Series HH. These bonds bear issue dates of January 1, 1980, or thereafter. The regulations in Department of the Treasury Circular No. 530, current revision (31 CFR Part 315), govern all other United States Savings Bonds and Savings Notes.

§ 353.1 Official agencies.

(a) The Bureau of the Public Debt of the Department of the Treasury is responsible for administering the Savings Bonds Program. Authority to process transactions has been delegated to Federal Reserve Banks and Branches, as fiscal agents of the United States.

(b) Communications concerning transactions and requests for forms should be addressed to:

(1) A Federal Reserve Bank or Branch; (2) the Bureau of the Public Debt, 200 Third Street, Parkersburg, West Virginia 26101; or (3) the Bureau of the Public Debt, Washington, DC 20226. The names and addresses of the Federal Reserve Banks and Branches are:

Federal Reserve Bank of Boston, Boston, Massachusetts 02106.

Federal Reserve Bank of New York, Federal Reserve Post Office Station, New York, New York 10045. Buffalo Branch, Federal Reserve Bank, Box 961, Buffalo, New York 14240.

Federal Reserve Bank of Philadelphia, Box 66, Philadelphia, Pennsylvania 19105.

Federal Reserve Bank of Cleveland, Box 6387, Cleveland, Ohio 44101. Cincinnati Branch, Federal Reserve Bank, Box 999, Cincinnati, Ohio 45201. Pittsburgh Branch, Federal Reserve Bank, Box 867, Pittsburgh, Pennsylvania 15230.

Federal Reserve Bank of Richmond, Box 27622, Richmond, Virginia 23261. Baltimore Branch, Federal Reserve Bank, Box 1378, Baltimore, Maryland 21203. Charlotte Branch, Federal Reserve Bank, Box 300, Charlotte, North Carolina 28230.

Federal Reserve Bank of Atlanta, Atlanta, Georgia, 30303. Birmingham Branch, Federal Reserve Bank, Box 10417, Birmingham, Alabama 35202. Jacksonville Branch, Federal Reserve Bank, Jacksonville, Florida 32203. Miami Branch, Federal Reserve Bank, Box 520847, Miami, Florida 33152. Nashville Branch, Federal Reserve Bank, Nashville, Tennessee 37203. New Orleans Branch, Federal Reserve Bank, Box 61630, New Orleans, Louisiana 70161.

Federal Reserve Bank of Chicago, Box 834, Chicago, Illinois 60690. Detroit Branch, Federal Reserve Bank, Box 1059, Detroit, Michigan 48231.

Federal Reserve Bank of St. Louis, Box 442, St. Louis, Missouri 63166. Little Rock Branch, Federal Reserve Bank, Box 1261, Little Rock, Arkansas 72203. Louisville Branch, Federal Reserve Bank, Box 32710, Louisville, Kentucky 40232. Memphis Branch, Federal Reserve Bank, Box 407, Memphis, Tennessee 38101.

Federal Reserve Bank of Minneapolis, Minneapolis, Minnesota 55480. Helena Branch, Federal Reserve Bank, Helena, Montana 59601.

Federal Reserve Bank of Kansas City, Federal Reserve Station, Kansas City, Missouri 64198. Denver Branch, Federal Reserve Bank, Box 5228, Terminal Annex, Denver, Colorado 80217. Oklahoma City

Branch, Federal Reserve Bank, Box 25129, Oklahoma City, Oklahoma 73125. Omaha Branch, Federal Reserve Bank, Omaha, Nebraska 68102.

Federal Reserve Bank of Dallas, Station K, Dallas, Texas 75222. El Paso Branch, Federal Reserve Bank, Box 100, El Paso, Texas 79999. Houston Branch, Federal Reserve Bank, Box 2578, Houston, Texas 77001. San Antonio Branch, Federal Reserve Bank, Box 1471, San Antonio, Texas 78295.

Federal Reserve Bank of San Francisco, Box 7702, San Francisco, California 94120. Los Angeles Branch, Federal Reserve Bank, Box 2077, Terminal Annex, Los Angeles, California 90051. Portland Branch, Federal Reserve Bank, Box 3436, Portland, Oregon 97208. Salt Lake City Branch, Federal Reserve Bank, Box 30780, Salt Lake City, Utah 84125. Seattle Branch, Federal Reserve Bank, Box 3567, Seattle, Washington 98124.

(c) Notices and documents must be filed with the agencies referred to above and as indicated in these regulations.

§ 353.2 Definitions.

(a) "Bond" means a United States Savings Bond of Series EE or HH, unless the context indicates otherwise.

(b) "Incompetent" means an individual who is incapable of handling his or her business affairs because of a legal, mental or medical disability, except that a minor is not an incompetent solely because of age.

(c) "Issuing agent" means an organization that has been qualified under the provisions of Department of the Treasury Circular, Public Debt Series No. 4-67, current revision (31 CFR Part 317), to issue savings bonds.

(d) "Paying agent" means a financial institution that has been qualified under the provisions of Department of the Treasury Circular No. 750, current revision (31 CFR Part 321), to make payment of savings bonds.

(e) "Payment" means redemption, unless otherwise indicated by context.

(f) "Person" means any legal entity including, but without limitation, an individual, corporation (public or private), partnership, unincorporated association, or fiduciary estate.

(g) "Personal trust estates" means trust estates established by natural persons in their own right for the benefit of themselves or other natural persons in whole or in part, and common trust funds comprised in whole or in part of such trust estates.

(h) "Reissue" means the cancellation and retirement of a bond and the issuance of a new bond or bonds of the same series, same issue date, and same total face amount.

(i) "Representative of the estate of a minor, incompetent, aged person, absentee, et al." means the court-appointed or otherwise qualified person, regardless of title, who is legally authorized to act for the individual. The term does not include parents in their own right, voluntary or natural guardians, or the executors or administrators of decedents' estates.

(j) "Surrender" means the actual receipt of a bond with an appropriate request for payment or reissue by either a Federal Reserve Bank or Branch, the Bureau of the Public Debt, or, if a paying agent is authorized to handle the transaction, the actual receipt of the bond and the request for payment by the paying agent.

(k) "Taxpayer identifying number" means a social security account number or an employer identification number.

(l) "Voluntary guardian" means an individual who is recognized as authorized to act for an incompetent, as provided by § 353.64.

Subpart B—Registration

§ 353.5 General rules.

(a) *Registration is conclusive of ownership.* Savings bonds are issued only in registered form. The registration must express the actual ownership of, and interest in, the bond. The registration is conclusive of ownership, except as provided in § 353.49.

(b) *Requests for registration.* Registrations requested must be clear, accurate and complete, conform substantially with one of the forms set forth in this subpart, and include the taxpayer identifying number of the owner or first-named coowner. The taxpayer identifying number of the second-named coowner or beneficiary is not required but its inclusion is desirable. The registration of all bonds owned by the same person, organization, or fiduciary should be uniform with respect to the name of the owner and any description of the fiduciary capacity. An individual should be designated by the name he or she is ordinarily known by or uses in business, including at least one full given name. The name may be preceded or followed by any applicable title, such as "Miss", "Mr.", "Mrs.", "Ms.", "Dr.", "Rev.", "M.D.", or "D.D.". A suffix, such as "Sr." or "Jr.", must be included when ordinarily used or when necessary to distinguish the owner from another member of his family. A married woman's own given name, not that of her husband, must be used; for example, "Mary A. Jones" or "Mrs. Mary A. Jones", NOT "Mrs. Frank B. Jones". The address must include, where appropriate, the number and street, route, or any other local feature, city, State, and ZIP Code.

(c) *Inscription of bonds purchased as gifts.* If the bonds are purchased as gifts, awards, prizes, etc., and the taxpayer identifying number of the intended owner is not known, the purchaser's number must be furnished. In this event, the issuing agent will inscribe the word "GIFT" and the purchaser's number on the bond. Bonds so inscribed will not be associated with the purchaser's own holdings. The registration of a bond in the name of a purchaser with another as coowner or in the purchaser's name with another as beneficiary is not considered a gift or an award.

§ 353.6 Restrictions on registration.

(a) *Natural persons.* Only an individual in his or her own right may be designated as coowner or beneficiary along with any other individual, whether on original issue or reissue, except as provided in § 353.7(f).

(b) *Residence.* The designation of an owner or first-named coowner is restricted, on original issue only, to persons (whether individuals or others) who are:

(1) Residents of the United States, its territories or possessions, or the Commonwealth of Puerto Rico;

(2) Citizens of the United States residing abroad;

(3) Civilian employees of the United States or members of its armed forces, regardless of their residence or citizenship; and

(4) Residents of Canada or Mexico who work in the United States but only if the bonds are purchased on a payroll deduction plan and the owner provides a taxpayer identifying number.

A nonresident alien may be designated coowner or beneficiary or, on authorized reissue, owner, unless the nonresident alien is a resident of an area with respect to which the Department of the Treasury restricts or regulates the delivery of checks drawn against funds of the United States or its agencies or instrumentalities. See Department of the Treasury Circular No. 655, current revision (31 CFR Part 211). Registration is not permitted in any form which includes the name of any alien who is a resident of any restricted area.

(c) *Minors.* (1) Minors may purchase with their wages, earnings, or other funds belonging to them and under their control bonds registered in their names alone or with a coowner or beneficiary.

(2) Bonds purchased by another person with funds belonging to a minor not under legal guardianship or similar fiduciary estate must be registered, without a coowner or beneficiary, in the name of the minor or a natural guardian on behalf of a minor.

(3) Bonds purchased with funds of another may be registered to name the minor as owner, coowner, or beneficiary. If the minor is under legal guardianship or similar fiduciary estate, the registration must include an appropriate reference to it.

(4) Bonds purchased as a gift to a minor under a gift-to-minors statute must be registered as prescribed by the statute and no coowner or beneficiary may be named.

(5) Bonds purchased by a representative of a minor's estate must be registered in the name of the minor and must include in the registration an appropriate reference to the guardianship or similar fiduciary estate. Bonds purchased by a representative of the estates of two or more minors, even though appointed in a single proceeding, must be registered in the name of

each minor separately with appropriate reference to the guardianship or similar fiduciary estate.

(d) *Incompetents.* Bonds may be registered to name as owner, coowner, or beneficiary an incompetent for whose estate a guardian or similar representative has been appointed, except that a coowner or beneficiary may not be named on bonds purchased with funds belonging to the incompetent. The registration must include appropriate reference to the guardianship or similar fiduciary estate. Bonds should not be registered in the name of an incompetent unless there is a representative for his or her estate, except as provided in § 353.64.

§ 353.7 Authorized forms of registration.

Subject to any limitations or restrictions contained in these regulations on the right of any person to be named as owner, coowner, or beneficiary, bonds should be registered as indicated below. A savings bond inscribed in the form not substantially in agreement with one of the forms authorized by this subpart is not considered validly issued.

(a) *Natural persons.* A bond may be registered in the names of individuals in their own right, but only in one of the forms authorized by this paragraph.

(1) *Single ownership form.* A bond may be registered in the name of one individual. Example:

John A. Jones 123-45-6789.

(2) *Coownership form.* A bond may be registered in the names of two individuals in the alternative as coowners. The form of registration "A and B" is not authorized. Examples:

John A. Jones 123-45-6789 or Ella S. Jones 987-65-4321.

John A. Jones 123-45-6789 or (Miss, Ms. or Mrs.) Ella S. Jones.

Ella S. Jones 987-65-4321 or John A. Jones.

(3) *Beneficiary form.* A bond may be registered in the name of one individual payable on death to another. "Payable on death to" may be abbreviated to "P.O.D." Examples:

John A. Jones 123-45-6789 payable on death to Mrs. Ella S. Jones.

John A. Jones 123-45-6789 P.O.D. Ella S. Jones 987-65-4321.

(b) *Fiduciaries (including legal guardians and similar representatives, certain custodians, natural guardians, executors, administrators, and trustees)*—(1) *General.* A bond may be registered in the name of any person or persons or any organization acting as fiduciary of a single fiduciary estate, but not where the fiduciary will hold the bond merely or principally as security for the performance of a duty, obligation, or service. Registration should conform to a form authorized by this paragraph. A coowner or beneficiary may be named only in accordance with the applicable provisions of § 353.6 (c) and (d). A common trust fund established and maintained by a financial institution authorized to act as a fiduciary will be considered a single fiduciary estate within the meaning of these regulations.

(2) *Legal guardians, conservators, similar representatives, certain custodians.* A bond may be registered in the name and title or capacity of the legally appointed or authorized representative of the estate of a minor, incompetent, aged or infirm person, absentee, et al., or in the name of that individual followed by an appropriate reference to the estate. Examples:

Tenth National Bank, guardian (or conservator, trustee, etc.) of the estate of George N. Brown 123-45-6789, a minor (or an incompetent, aged person, infirm person, or absentee).

Henry C. Smith, conservator of the estate of John R. White 123-45-6789, an adult, pursuant to Sec. 633.572 of the Iowa Code.

John F. Green 123-45-6789, a minor (or an incompetent) under custodianship by designation of the Veterans Administration.

Frank M. Redd 123-45-6789, an incompetent for whom Eric A. Redd has been designated trustee by the Department of the Army pursuant to 37 U.S.C. 602.

Arnold A. Ames, as custodian for Barry B. Bryan 123-45-6789, under the California Uniform Gifts to Minors Act.

Thomas J. Reed, as custodian for Lawrence W. Reed 123-45-6789, a minor, under laws of Georgia.

Richard A. Rowe 123-45-6789, for whom Reba L. Rowe is representative payee for social security benefits (or black lung benefits, as the case may be). (If the beneficiary is a minor, the words "a minor" should appear immediately after the social security number.)

Henry L. Green 123-45-6789 or George M. Brown, a minor under legal guardianship of the Tenth National Bank.

Henry L. Green 123-45-6789 P.O.D. George M. Brown, a minor under legal guardianship of the Tenth National Bank.

Redd State Hospital and School, selected payee for John A. Jones 123-45-6789, a Civil Service annuitant, pursuant to 5 U.S.C. 8345(e).

(3) *Natural guardians.* A bond may be registered in the name of either parent (natural and adoptive) of a minor, as natural guardian. The registration of a bond in this form is considered as establishing a fiduciary relationship. A coowner or beneficiary may be named but only if the funds used to purchase the bonds do not belong to the minor. Examples:

John A. Jones, as natural guardian for Henry M. Jones 123-45-6789.

Melba Smith, as natural guardian for Thelma Smith 123-45-6789 P.O.D. Bartholomew Smith.

(4) *Executors and administrators.* A bond may be registered in the name of the representative appointed by a court to act for an estate of a decedent, or in the name of an executor authorized to administer a trust under the terms of a will although not named trustee. The name and capacity of all the representatives as shown in the letters of appointment must be included in the registration and be followed by an adequate identifying reference to the estate. Examples:

John H. Smith and Calvin N. Jones, executors of the will (or administrators of the estate) of Robert J. Smith, deceased, 12-3456789.

John H. Smith, executor of the will of Robert J. Smith, deceased, in trust for Mrs. Jane L. Smith, with remainder over, 12-3456789.

(5) *Trustees or life tenants under wills, deeds of trust, agreements, or similar instruments.* A bond may be registered in the name and title of the trustee of a trust estate, or in the name of a life tenant, followed by an adequate identifying reference to the authority governing the trust or life tenancy. Examples:

Thomas J. White and Tenth National Bank, trustees under the will of Robert J. Smith, deceased, 12-3456789.

Jane N. Black 123-45-6789, life tenant under the will of Robert J. Black, deceased.

Tenth National Bank, trustee under agreement with Paul E. White, dated 2/1/80, 12-3456789.

Carl A. Black and Henry B. Green, trustees under agreement with Paul E. White, dated 2/1/80, 12-3456789.

Paul E. White, trustee under declaration of trust dated 2/1/80, 12-3456789.

(i) If the trust instrument designates by title only an officer of a board or an organization as trustee, only the title of the officer should be used. Example:

Chairman, Board of Trustees, First Church of Christ, Scientist, of Chicago, Illinois, in trust under the will of Robert J. Smith, deceased, 12-3456789.

(ii) The names of all trustees, in the form used in the trust instrument, must be included in the registration, except as follows:

(A) If there are several trustees designated as a board or they are required to act as a unit, their names may be omitted and the words "Board of Trustees" substituted for the word "trustee". Example:

Board of Trustees of Immediate Relief Trust of Federal Aid Association, under trust indenture dated 2/1/80, 12-3456789.

(B) If the trustees do not constitute a board or are not required to act as a unit, and are too numerous to be designated in the registration by names and title, some or all the names may be omitted. Examples:

John A. Smith, Henry B. Jones, et al., trustees under the will of Edwin O. Mann, deceased, 12-3456789.

Trustees under the will of Edwin O. Mann, deceased, 12-3456789.

(6) *Employee thrift, savings, vacation and similar plans.* A bond may be registered in the name and title, or title alone, of the trustee of an eligible employee thrift, savings, vacation or similar plan, as defined in § 353.13(a). If the instrument creating the trust provides that the trustees shall serve for a limited term, their names may be omitted. Examples:

Tenth National Bank, trustee of Pension Fund of Safety Manufacturing Company, U/A with the company, dated March 31, 1980, 12-3456789.

Trustees of Retirement Fund of Safety Manufacturing Company, under directors' resolution adopted March 31, 1980, 12-3456789.

County Trust company, trustee of the Employee Savings Plan of Jones Company, Inc., U/A dated January 17, 1980, 12-3456789.

Trustee of the Employee Savings Plan of Brown Brothers, Inc., U/A dated January 20, 1980, 12-3456789.

(7) *Funds of lodges, churches, societies, or similar organizations.* A bond may be registered in the title of the trustees, or a board of trustees, holding funds in trust for a lodge, church, or society, or similar organization, whether or not incorporated. Examples:

Trustees of the First Baptist Church, Akron, Ohio, acting as a Board under section 15 of its bylaws, 12-3456789.

Trustees of Jamestown Lodge No. 1000, Benevolent and Protective Order of Elks, under section 10 of its bylaws, 12-3456789.

Board of Trustees of Lotus Club, Washington, Indiana, under Article 10 of its constitution, 12-3456789.

(8) *Investment agents for religious, educational, charitable and non-profit organizations.* A bond may be registered in the name of a bank, trust company, or other financial institution, or an individual, as agent under an agreement with a religious, educational, charitable or non-profit organization, whether or not incorporated, if the agent holds funds for the sole purpose of investing them and paying the income to the organization. The name and designation of the agent must be followed by an adequate reference to the agreement. Examples:

Tenth National Bank, fiscal agent U/A with the Evangelical Lutheran Church of the Holy Trinity, dated 12/28/80, 12-3456789.

Sixth Trust Company, Investment Agent U/A dated September 16, 1980, with Central City Post, Department of Illinois, American Legion, 12-3456789.

John Jones, Investment Agent U/A dated September 16, 1980, with Central City Post, Department of Illinois, American Legion, 12-3456789.

(9) *Funds of school groups or activities.* A bond may be registered in the title of the principal or other officer of a public, private, or parochial school holding funds in trust for a student body fund or for a class, group, or activity. If the amount purchased for any one fund does not exceed $2,500 (face amount), no reference need be made to a trust instrument. Examples:

Principal, Western High School, in trust for the Class of 1980 Library Fund, 12-3456789.

Director of Athletics, Western High School, in trust for Student Activities Association, under resolution adopted 5/12/80, 12-3456789.

(10) *Public corporations, bodies, or officers as trustees.* A bond may be registered in the name of a public corporation or a public body, or in the title of a public officer, acting as trustee under express authority of law, followed by an appropriate reference to the statute creating the trust. Examples:

Rhode Island Investment Commission, trustee of the General Sinking Fund under Title 35, Ch. 8, Gen. Laws of Rhode Island.

Superintendent of the Austin State Hospital Annex, in trust for the Benefit Fund under Article 3183C, Vernon's Civ. Stat. of Texas Ann.

(c) *Private organizations (corporations, associations, partnerships)*—(1) *General.* A bond may be registered in the name of any private organization in its own right. The full legal name of the organization as set forth in its charter, articles of incorporation, constitution, partnership agreement, or other authority from which its powers are derived, must be included in the registration and may be followed by a parenthetical reference to a particular account other than a trust account.

(2) *Corporations.* A bond may be registered in the name of a business, fraternal, religious, non-profit, or other private corporation. The words "a corporation" must be included in he registration unless the fact of incorporation is shown in the name. Examples:

Smith Manufacturing Company, a corporation, 12-3456789.

Green and Redd, Inc., 12-3456789 (Depreciation Acct.)

(3) *Unincorporated associations.* A bond may be registered in the name of a club, lodge, society, or a similar self-governing association which is unin-

corporated. The words "an unincorporated association" must be included in the registration. This form of registration must not be used for a trust fund, board of trustees, a partnership, or a sole proprietorship. If the association is chartered by or affiliated with a parent organization, the name or designation of the subordinate or local organization must be given first, followed by the name of the parent organization. The name of the parent organization may be placed in parentheses and, if well known, may be abbreviated. Examples:

The Lotus Club, an unincorporated association, 12-3456789.

Local 447, Brotherhood of Railroad Trainmen, an unincorporated association, 12-3456789.

Eureka Lodge 317 (A.F. and A.M.), an unincorporated association, 12-3456789.

(4) *Partnerships.* A bond may be registered in the name of a partnership. The words "a partnership" must be included in the registration. Examples:

Smith & Jones, a partnership, 12-3456789.

Acme Novelty Company, a partnership, 12-3456789.

(5) *Sole Proprietorships.* A bond may be registered in the name of an individual who is doing business as a sole proprietor. A reference may be made to the trade name under which the business is conducted. Example:

John Jones DBA Jones Roofing Company 123-45-6789

(d) *Institutions (churches, hospitals, homes, schools, etc.).* A bond may be registered in the name of a church, hospital, home, school, or similar institution conducted by a private organization or by private trustees, regardless of the manner in which it is organized or governed or title to its property is held. Descriptive words, such as "a corporation" or "an unincorporated association", must not be included in the registration. Examples:

Shriners' Hospital for Crippled Children, St. Louis, Missouri, 12-3456789.

St. Mary's Roman Catholic Church, Albany, New York, 12-3456789.

Rodeph Shalom Sunday School, Philadelphia, Pennsylvania, 12-3456789.

(e) *States, public bodies and corporations, and public officers.* A bond may be registered in the name of a State, county, city, town, village, school district, or other political entity, public body, or corporation established by law (including a board, commission, administration, authority, or agency) which is the owner or official custodian of public funds, other than trust funds, or in the full legal title of the public officer having custody of the funds. Examples:

State of Maine.

Town of Rye, New York (Street Improvement Fund).

Maryland State Highway Administration.

Treasurer, City of Chicago.

(f) *The United States Treasury.* A person who desires to have a bond become the property of the United States upon his or her death may designate the United States Treasury as coowner or beneficiary. Examples:

George T. Jones 123-45-6789 or the United States Treasury.

George T. Jones 123-45-6789 P.O.D. the United States Treasury.

§ 353.8 Chain letters prohibited.

The issuance of bonds in the furtherance of a chain letter or pyramid scheme is considered to be against the public interest and is prohibited.

Subpart C—Limitations on Annual Purchases

§ 353.10 Amounts which may be purchased.

The amount of savings bonds of Series EE and HH which may be purchased and held, in the name of any one person in any one calendar year, is computed according to the provisions of § 353.11 and is limited as follows:

(a) *Series EE.*

(1) *General annual limitation.*

$30,000 (face amount).

(2) *Special limitation.*

$4,000 (face amount) multiplied by the highest number of employees participating in an eligible employee plan, as defined in § 353.13, at any time during the calendar year in which the bonds are issued.

(b) *Series HH.*

(1) *General annual limitation.*

$20,000 (face amount).

(2) *Special limitation.*

$200,000 (face amount) for bonds received in a calendar year as gifts by an organization which at the time of purchase was an exempt organization under the terms of 26 CFR 1.501(c)(3)-1.

§ 353.11 Computation of amount.

(a) *General.* The purchases of bonds in the name of any person in an individual capacity are computed separately from purchases in a fiduciary capacity. A pension or retirement fund, or an investment, insurance, annuity, or similar fund or trust is regarded as an entity, regardless of the number of beneficiaries or the manner in which their shares or interests are established, determined, or segregated.

(b) *Bonds included in computation.* In computing the purchases for each person, the following outstanding bonds are included:

(1) All bonds registered in the name of that person alone;

(2) All bonds registered in the name of the representative of the estate of that person; and

(3) All bonds registered in the name of that person as coowner. However, in computing the amount of bonds of each series held in coownership form, the limitation may be applied to the holdings of either of the coowners or apportioned between them.

(c) *Bonds excluded from computation.* In computing the purchases for each person, the following are excluded:

(1) Bonds on which that person is named beneficiary;

(2) Bonds to which that person has become entitled—

(i) Under § 353.70 as surviving beneficiary upon the death of the registered owner;

(ii) As an heir or a legatee of the deceased owner;

(iii) By virtue of the termination of a trust or the happening of a similar event;

(3) Bonds issued in an authorized exchange or reinvestment; and

(4) Bonds that are purchased and redeemed within the same calendar year.

§ 353.12 Disposition of excess.

If any person at any time has savings bonds issued during any one calendar year in excess of the prescribed amount, instructions should be obtained from the Bureau of the Public Debt, Parkersburg, West Virginia 26101, for appropriate adjustment of the excess. Under the conditions specified in § 353.90, the Commissioner of the Public Debt may permit excess purchases to stand in any particular case or class of cases.

§ 353.13 Employee plans—Conditions of eligibility.

(a) *Definition of plan.* Employee thrift, savings, vacation and similar plans are contributory plans established by the employer for the exclusive and irrevocable benefit of its employees or their beneficiaries. Each plan must afford employees the means of making regular savings from their wages through payroll deductions and provide for employer contributions to be added to these savings.

(b) *Definition of terms used in this section.* (1) The term "assets" means all the employees' contributions and assets purchased with them and the employer's contributions and assets purchased with them, as well as accretions, such as dividends on stock, the increment in value on bonds and all other income; but, notwithstanding any other provision of this section, the right to demand and receive "all assets" credited to the account of an employee shall not be construed to require the distribution of assets in kind when it would not be possible or practicable to make such a distribution; for example, Series EE bonds may not be reissued in unauthorized denominations.

(2) The word "beneficiary" means: (i) The person or persons, if any, designated by the employee in accordance with the terms of the plan to receive the benefits of the plan upon the employee's death or (ii) the estate of the employee.

(c) *Conditions of eligibility.* An employee plan must conform to the following rules in order to be eligible for the special limitation provided in § 353.10.

(1) *Crediting of assets.* All assets of a plan must be credited to the individual accounts of participating employees and may be distributed only to them or their beneficiaries, except as provided in paragraph (c)(3) of this section.

(2) *Purchase of bonds.* Bonds may be purchased only with assets credited to the accounts of participating employees and only if the amount taken from any account at any time for that purpose is equal to the purchase price of a bond or bonds in an authorized denomination or denominations, and shares in the bonds are credited to the accounts of the individuals from which the purchase price was derived, in amounts corresponding with their shares. For example, if $50 credited to the account of John Jones is commingled with funds credited to the accounts of other employees to make a total of $5,000 with which a Series EE bond in the denomination of $10,000 (face amount) is purchased in December 1980 and registered in the name and title of the trustee, the plan must provide, in effect, that John Jones' account be credited to show that he is the owner of a Series EE bond in the denomination of $100 (face amount) bearing an issue date of December 1, 1980.

(3) *Irrevocable right of withdrawal.* Each participating employee has an irrevocable right to request and receive from the trustee all assets credited to the employee's account (or their value, if the employee prefers) without regard to any conditions other than the loss or suspension of the privilege of participating further in the plan. A plan may limit or modify such right in any manner required for qualification of the plan under section 401 of the Internal Revenue Code of 1954 (26 U.S.C. Section 401).

(4) *Rights of beneficiary.* Upon the death of an employee, his or her beneficiary shall have the absolute and unconditional right to demand and receive from the trustee all assets credited to the account of the employee or their value, if he or she so prefers.

(5) *Reissue or payment upon distribution.* When settlement is made with an employee or his or her beneficiary with respect to any bond registered in the name and title of the plan trustee in which the employee has a share, the bond must be paid or reissued to the extent of the share. If an employee or the beneficiary is to receive distribution in kind, bonds bearing the same issue dates as those credited to the employee's account will be reissued in the name of the employee or the employee's beneficiary to the extent entitled, in authorized denominations, in any authorized form of registration, upon the request and certification of the trustee.

(d) *Application for special limitation.* A trustee of an employee plan who desires to purchase bonds under the special limitation should submit to the Federal Reserve Bank of the district a copy of:

(1) The plan, (2) any instructions issued under the plan that concern Series EE bonds, and (3) the trust agreement, in order to establish the plan's eligibility.

(e) *Vacation plans.* Savings bonds may be purchased under certain vacation plans. Questions concerning the eligibility of these plans to purchase bonds in excess of the general limitation should be addressed to the Bureau of the Public Debt, Parkersburg, West Virginia 26101.

(31 U.S.C. 3105 and 3121)

[Dept. Circ., Public Dept. Series No. 3-80, 44 FR 76441, Dec. 26, 1979, as amended at 48 FR 55458, Dec. 13, 1983]

Subpart D—Limitations on Transfer or Pledge

§ 353.15 Transfer.

Savings bonds are not transferable and are payable only to the owners named on the bonds, except as specifically provided in these regulations and then only in the manner and to the extent so provided.

§ 353.16 Pledge.

A savings bond may not be hypothecated, pledged, or used as security for the performance of an obligation.

Subpart E—Judicial Proceedings

§ 353.20 General.

(a) The Department of the Treasury will not recognize a judicial determination that gives effect to an attempted voluntary transfer inter vivos of a bond, or a judicial determination that impairs the rights of survivorship conferred by these regulations upon a coowner or beneficiary. All provisions of this Subpart are subject to these restrictions.

(b) The Department of the Treasury will recognize a claim against an owner of a savings bond and conflicting claims of ownership of, or interest in, a bond between coowners or between the registered owner and the beneficiary, if established by valid judicial proceedings, but only as specifically provided in this subpart. Section 353.23 specifies the evidence required to establish the validity of the judicial proceedings.

(c) The Department of the Treasury and the agencies that issue, reissue, or redeem savings bonds will not accept a notice of an adverse claim or notice of pending judicial proceedings, nor undertake to protect the interests of a litigant not in possession of a savings bond.

§ 353.21 Payment to judgment creditors.

(a) *Purchaser or officer under levy.* The Department of the Treasury will pay (but not reissue) a savings bond to the purchaser at a sale under a levy or to the officer authorized under appropriate process to levy upon property of the registered owner or coowner to satisfy a money judgment. Payment will be made only to the extent necessary to satisfy the money judgment. The amount paid is limited to the redemption value 60 days after the termination of the judicial proceedings. Payment of a bond registered in coownership form pursuant to a judgment or a levy against only one coowner is limited to the extent of that coowner's interest in the bond. That interest must be established by an agreement between the coowners or by a judgment, decree, or order of a court in a proceeding to which both coowners are parties.

(b) *Trustee in bankruptcy, receiver, or similar court officer.* The Department of the Treasury will pay, at current redemption value, a savings bond to a trustee in bankruptcy, a receiver of an insolvent's estate, a receiver in equity, or a similar court officer under the provisions of paragraph (a) of this section.

§ 353.22 Payment or reissue pursuant to judgment.

(a) *Divorce.* The Department of the Treasury will recognize a divorce decree that ratifies or confirms a property settlement agreement disposing of bonds or that otherwise settles the interests of the parties in a bond. Reissue of a savings bond may be made to eliminate the name of one spouse as owner, coowner, or beneficiary or to substitute the name of one spouse for that of the other spouse as owner, coowner, or beneficiary pursuant to the decree. However, if the bond is registered in the name of one spouse with another person as coowner, there must be submitted either:

(1) A request for reissue by the other person or (2) a certified copy of a judgment, decree, or court order entered in proceedings to which the other person and the spouse named on the bond are parties, determining the extent of the interest of that spouse in the bond. Reissue will be permitted only to the extent of that spouse's interest. The evidence required under § 353.23 must be submitted in every case. When the divorce decree does not set out the terms of the property settlement agreement, a certified copy of the agreement must be submitted. Payment, rather than reissue, will be made if requested.

(b) *Gift causa mortis.* A savings bond belonging solely to one individual will be paid or reissued at the request of the person found by a court to be entitled by reason of a gift causa mortis from the sole owner.

(c) *Date for determining rights.* When payment or reissue under this section is to be made, the rights of the parties will be those existing under the regulations current at the time of the entry of the final judgment, decree, or court order.

§ 353.23 Evidence.

(a) *General.* To establish the validity of judicial proceedings, certified copies of the final judgment, decree, or court order, and of any necessary supplementary proceedings, must be submitted. If the judgment, decree, or court order was rendered more than six months prior to the presentation of the bond, there must also be submitted a certification from the clerk of the court, under court seal, dated within six months of the presentation of the bond, showing that the judgment, decree, or court order is in full force.

(b) *Trustee in bankruptcy or receiver of an insolvent's estate.* A request for payment by a trustee in bankruptcy or a receiver of an insolvent's estate must be supported by appropriate evidence of appointment and qualification. The evidence must be certified by the clerk of the court, under court seal, as being in full force on a date that is not more than six months prior to the presentation of the bond.

(c) *Receiver in equity or similar court officer.* A request for payment by a receiver in equity or a similar court officer, other than a receiver of an insolvent's estate, must be supported by a copy of an order that authorizes the presentation of the bond for redemption, certified by the clerk of the court, under court seal, as being in full force on a date that is not more than six months prior to the presentation of the bond.

Subpart F—Relief for Loss, Theft, Destruction, Mutilation, Defacement, or Nonreceipt of Bonds

§ 353.25 General.

Relief, by the issue of a substitute bond or by payment, is authorized for the loss, theft, destruction, mutilation, or defacement of a bond after receipt by the owner or his or her representative. As a condition for granting relief, the Commissioner of the Public Debt, as designee of the Secretary of the Treasury, may require a bond of indemnity, in the form, and with the surety, or security, he considers necessary to protect the interests of the United States. In all cases the savings bond must be identified by serial number and the applicant must submit satisfactory evidence of the loss, theft, or destruction, or a satisfactory explanation of the mutilation or defacement.

§ 353.26 Application for relief—After receipt of bond.

(a) If the serial numbers of the lost, stolen, or destroyed bonds are known, the claimant should execute an application for relief on the appropriate form and submit it to the Bureau of the Public Debt, Parkersburg, West Virginia 26101.

(b) If the bond serial number is not known, the claimant must provide sufficient information to enable the Bureau of the Public Debt to identify the bond by serial number. See § 353.29(c). The Bureau will furnish the proper application form and instructions.

(c) If applicable, a defaced bond and all available fragments of a mutilated bond should be submitted to the Bureau.

(d) The application must be made by the person or persons (including both coowners, if living) authorized under these regulations to request payment of the bond. In addition:

(1) If the bond is in beneficiary form and the owner and beneficiary are both living, both will ordinarily be required to join in the application.

(2) If a minor named on a bond as owner, coowner, or beneficiary is not of sufficient competency and understanding to request payment, both parents will ordinarily be required to join in the application.

(e) If the application is approved, relief will be granted either by the issuance of a bond bearing the same issue date as the bond for which the claim was filed or by the issuance of a check in payment.

§ 353.27 Application for relief—Nonreceipt of bond.

If a bond issued on any transaction is not received, the issuing agent must be notified as promptly as possible and given all information available about the nonreceipt. An appropriate form and instructions will be provided. If the application is approved, relief will be granted by the issuance of a bond bearing the same issue date as the bond that was not received.

§ 353.28 Recovery or receipt of bond before or after relief is granted.

(a) If a bond reported lost, stolen, destroyed, or not received, is recovered or received before relief is granted, the Bureau of the Public Debt, Parkersburg, West Virginia 26101, must be notified promptly.

(b) A bond for which relief has been granted is the property of the United States and, if recovered, must be promptly submitted to the Bureau of the Public Debt, Parkersburg, West Virginia 26101, for cancellation.

§ 353.29 Adjudication of claims.

(a) *General.* The Bureau of the Public Debt will adjudicate claims for lost, stolen or destroyed bonds on the basis of records created and regularly maintained in the ordinary course of business.

(b) *Claims filed 10 years after payment.* A bond for which no claim has been filed within 10 years of the recorded date of redemption will be presumed to have been properly paid. If a claim is subsequently filed, a photographic copy of the bond will not be available to support the disallowance.

(c) *Claims filed six years after final maturity.* No claim filed six years or more after the final maturity of a savings bond will be entertained unless the claimant supplies the serial number of the bond.

Subpart G—Interest

§ 353.30 Series EE bonds.

Series EE bonds are issued at a discount. The accrued interest is added to the issue price at stated intervals and is payable only at redemption as part of the redemption value. Information regarding interest rates and redemption values is found in Department of the Treasury Circular, Public Debt Series No. 1-80 (31 CFR Part 351).

§ 353.31 Series HH bonds.

(a) *General.* Series HH bonds are current-income bonds issued at par (face amount). Interest on a Series HH bond is paid semiannually by check, beginning six months from issue date. Interest ceases at maturity, or, if a bond is redeemed before maturity, as of the end of the preceding interest payment period. For example, if a bond on which interest is payable on January 1 and July 1 is redeemed on September 1, interest ceases as of the preceding July 1, and no adjustment of interest will be made for the period from July 1 to September 1. However, if the date of redemption falls on an interest payment date, interest ceases on that date. Information regarding interest rates is found in Department of the Treasury Circular, Public Debt Series No. 2-80 (31 CFR Part 352).

(b) *Redemption value.* Series HH bonds acquired in an authorized exchange or reinvestment are redeemable at face amount. An interest adjustment will be made upon redemption of Series HH bonds purchased for cash, if redeemed within a limited period of time after issue; if held beyond this period, they are redeemable at face amount. Information as to the amount of the interest adjustment and the time period to which it applies is found in Department of the Treasury Circular, Public Debt Series No. 2-80 (31 CFR Part 352).

(c) *Payment of interest.* Series HH bond interest accounts are maintained by the Bureau of the Public Debt, Parkersburg, West Virginia 26101. Interest will be paid on each interest payment date by check mailed to the address specified for the delivery of checks in the purchase application, exchange subscription, notification of change of address or request for reissue. If no instruction is given as to the delivery of interest checks, the address inscribed on the bond for the owner or the first-named coowner will be used.

(d) *Delivery of interest*—(1) *Notices affecting delivery of interest checks.* To insure appropriate action, notices affecting the delivery of interest checks on Series HH bonds, including changes of addresses, must be received by the Bureau of the Public Debt, Parkersburg, West Virginia 26101, at least one month prior to the interest payment date. Each notice must identify the bonds by the name and taxpayer identifying number of the bondowner. The notice must be signed by the owner or coowner, or, in the case of a minor or incompetent, as provided in paragraph (e) or (f) of this section.

(2) *Owner or coowner deceased*—(i) *Sole owner.* Upon receipt of notice of the death of the owner of a bond, payment of interest on the bond will be suspended until satisfactory evidence is submitted as to who is authorized to endorse and collect interest checks on behalf of the estate of the decedent, in accordance with the provisions of Subpart L.

(ii) *Coowner.* Upon receipt of notice of the death of the coowner to whom interest is being mailed, payment of interest will be suspended until a request for change of address is received from the other coowner, if living, or, if not, until satisfactory evidence is submitted as to the individual who is authorized to endorse and collect interest checks on behalf of the estate of the last deceased coowner, in accordance with the provisions of Subpart L.

(iii) *Owner with beneficiary.* In the case of a bond registered in the form "A payable on death to B", the check will be drawn to the order of "A" alone unless the Bureau of the Public Debt, Parkersburg, West Virginia 26101, receives notice of A's death. In that event, the payment of interest will be suspended until the bond is presented for payment or reissue. Interest so withheld will be paid to the person entitled to the bond.

(e) *Representative appointed for the estate of a minor, incompetent, absentee, et al.* Interest on Series HH bonds is paid in accordance with the provisions of § 353.60 to the representative appointed for the estate of an owner who is a minor, incompetent, absentee, et al. If the registration of the bonds does not include reference to the owner's status, the bonds should be submitted for reissue to a Federal Reserve Bank or Branch or to the Bureau of the Public Debt, Parkersburg, West Virginia 26101, so that interest checks may be properly drawn and delivered. They must be accompanied by the proof of appointment required by § 353.60.

(f) *Adult incompetent's estate having no representative.* If an adult owner of a Series HH bond is incompetent to endorse and collect the interest checks and no legal guardian or similar representative has been appointed to act for him or her, the relative, or other person, responsible for his or her care and support, may apply to the Bureau of the Public Debt for recognition as voluntary guardian for the purpose of receiving, endorsing, and collecting the checks.

(g) *Reissue during interest period.* Physical reissue of a Series HH bond will be made without regard to interest payment dates. The Series HH interest accounts maintained by the Bureau of the Public Debt will be closed in the first week of the month preceding each interest payment date. Interest checks will be drawn to the order of the persons shown to be entitled on these accounts as of the date the accounts are closed.

(h) *Endorsement of checks.* Interest checks must be endorsed in accordance with the regulations governing the endorsement and payment of Government warrants and checks, which are contained in Department of the Treasury Circular No. 21, current revision (31 CFR Part 240).

(i) *Nonreceipt or loss of check.* If an interest check is not received or is lost after receipt, the Bureau of the Public Debt, Parkersburg, West Virginia 26101, should be notified and advised of the bond serial number, the inscription on the bond, including the taxpayer identifying number of the bondowner, and the interest payment date.

Subpart H—General Provisions for Payment

§ 353.35 Payment (redemption).

(a) *General.* Payment of a savings bond will be made to the person or persons entitled under the provisions of these regulations, except that checks in payment will not be delivered to addresses in areas with respect to which the Department of the Treasury restricts or regulates the delivery of checks drawn against funds of the United States. See Department of the Treasury Circular No. 655, current revision (31 CFR Part 211). Payment will be made without regard to any notice of adverse claims to a bond and no stoppage or caveat against payment of a bond will be entered.

(b) *Series EE.* A Series EE bond will be paid at any time after six months from issue date at the current redemption value shown in Department of the Treasury Circular, Public Debt Series No. 1-80 (31 CFR Part 351).

(c) *Series HH.* A Series HH bond will be paid at any time after six months from issue date. A Series HH bond issued in an authorized exchange or reinvestment transaction will be paid at face value. A Series HH bond issued for cash will be paid at the current redemption value shown in Department of the Treasury Circular, Public Debt Series No. 2-80, Second Revision (31 CFR Part 352). If the bond is redeemed at less than face value, the difference represents an adjustment of interest. In any case where Series HH bonds are surrendered to a Federal Reserve Bank or Branch or the Bureau of the Public Debt, Parkersburg, WV 26106-1328, for redemption in the month prior to an interest payment date, redemption will not be deferred but will be made in regular course, unless the presenter specifically requests that the transaction be delayed until that date. A request to defer redemption made more than one month preceding the interest payment date will not be accepted.

[Dept. Circ., Public Debt Series No. 3-80, 44 FR 76441, Dec. 26, 1979, as amended at 51 FR 23754, July 1, 1986]

Effective Date Note: At 51 FR 23754, July 1, 1986, in § 353.35, paragraph (c) was revised, effective September 19, 1986. For the convenience of the user, the superseded text is set forth as follows:

§ 353.35 Payment (redemption).

• • • • •

(c) *Series HH.* A Series HH bond will be paid at any time after six months from issue date. A Series HH bond issued in an authorized exchange or reinvestment transaction will be paid at face amount. A Series HH bond issued for cash will be paid at the current redemption value shown in Department of the Treasury Circular, Public Debt Series No. 2-80 (31 CFR Part 352). If the bond is redeemed at less than face value, the difference represents an adjustment of interest. A Series HH bond received during the month preceding an interest payment date will not be paid until that date.

§ 353.36 Payment during life of sole owner.

A savings bond registered in single ownership form (i.e., without a coowner or beneficiary) will be paid to the owner during his or her lifetime upon surrender with an appropriate request.

§ 353.37 Payment during lives of both coowners.

A savings bond registered in coownership form will be paid to either coowner upon surrender with an appropriate request, and upon payment (as determined in § 353.43), the other coowner will cease to have any interest in the bond. If both coowners request payment, payment will be made by check drawn in the form, "John A. Jones AND Mary C. Jones".

§ 353.38 Payment during lifetime of owner of beneficiary bond.

A savings bond registered in beneficiary form will be paid to the registered owner during his or her lifetime upon surrender with an appropriate request. Upon payment (as determined in § 353.43) the beneficiary will cease to have any interest in the bond.

§ 353.39 Surrender for payment.

(a) *Procedure for bonds of Series EE, in the names of individual owners or coowners only.* An individual who is the owner or coowner of a Series EE bond may present the bond to an authorized paying agent for redemption. The presenter must be prepared to establish his or her identity in accordance with Treasury instructions and identification guidelines. The owner or coowner must sign the request for payment on the bond or, if authorized, on a separate detached request, and add his or her address. If the request for payment has been signed, or signed and certified, before presentation of the bond, the paying agent must be satisfied that the person presenting the bond for payment is the owner or coowner and may require the person to sign the request for payment again. If the bond is in order for payment, the paying agent will make immediate payment at the current redemption value without charge to the presenter. Paying agents are not authorized to process any case involving partial redemption or any case in which supporting evidence is required.

(b) *Procedure for all other cases.* In the case of bonds to which the procedure in paragraph (a) of this section, does not apply, or if otherwise preferred, the owner or coowner, or other person entitled to payment, should appear before an officer authorized to certify requests for payment, establish his or her identity, sign the request for payment, and provide information as to the address to which the check in payment is to be mailed. The bond must be forwarded to a Federal Reserve Bank or Branch or the Bureau of the Public Debt. Usually, payment will be expedited by submission to a Federal Reserve Bank or Branch. In all cases, the cost and risk of presentation of a bond will be borne by the owner. Payment will be made by check drawn to the order of the registered owner or other person entitled and will be mailed to the address requested.

(c) *Date of request.* Requests executed more than six months before the date of receipt of a bond for payment will not be accepted. Neither will a bond be accepted if payment is requested as of a date more than three months in the future.

§ 353.40 Special provisions for payment

(a) *Owner's signature not required.* A bond may be paid by a paying agent or Federal Reserve Bank without the owner's signature to the request for payment, if the bond bears the special endorsement of a paying agent specifically qualified to place such an endorsement on savings bonds.

(b) *Signature by mark.* A signature by mark (X) must be witnessed by at least one disinterested person and a certifying officer. See Subpart J. The witness must attest to the signature by mark substantially as follows: "Witness to signature by mark", followed by his or her signature and address.

(c) *Name change.* If the name of the owner, coowner, or other person entitled to payment, as it appears in the registration or in evidence on file in the Bureau of the Public Debt, has been changed in any legal manner, the signature to the request for payment must show both names and the manner in which the change was made, for example, "Mary T. Jones Smith (Mary T. J. Smith or Mary T. Smith) changed by marriage from Mary T. Jones", or "John R. Young, changed by order of court from Hans R. Jung". See § 353.50.

(d) *Attorneys-in-fact.* A request for payment signed by an attorney-in-fact will be recognized if it is accompanied by a copy of a power of attorney, executed before a certifying officer, that authorizes the attorney-in-fact to sell or redeem the grantor's Treasury securities. See § 353.65 for separate rules relating to the use of powers of attorney for incompetent or physically disabled individuals.

§ 353.41 Partial redemption.

A bond of Series EE or HH may be redeemed in part at current redemption value, but only in amounts corresponding to authorized denominations, upon surrender of the bond to a Federal Reserve Bank or Branch or to the Bureau of the Public Debt in accordance with § 353.39(b). In any case in which partial redemption is requested, the phrase "to the extent of $—— (face amount) and reissue of the remainder" should be added to the request. Upon partial redemption of the bond, the remainder will be reissued as of the original issue date, as provided in Subpart I.

§ 353.42 Nonreceipt or loss of check issued in payment.

If a check in payment of a bond surrendered for redemption is not received within a reasonable time or is lost after receipt, notice should be given to the same agency to which the bond was surrendered for payment. The notice should give the date the bond was surrendered for payment and describe the bond by series, denomination, serial number, and registration, including the taxpayer identifying number of the owner.

§ 353.43 Effective date of request for payment.

The Department of the Treasury will treat the receipt of a bond with an appropriate request for payment by:

(a) A Federal Reserve Bank or Branch, (b) the Bureau of the Public Debt, or (c) a paying agent authorized to pay that bond, as the date upon which the rights of the parties are fixed for the purpose of payment.

§ 353.44 Withdrawal of request for payment.

(a) *Withdrawal by owner or coowner.* An owner or coowner, who has surrendered a bond to a Federal Reserve Bank or Branch or to the Bureau of the Public Debt or to an authorized paying agent with an appropriate request for payment, may withdraw the request if notice of intent to withdraw is received by the same agency prior to payment either in cash or through the issuance of the redemption check.

(b) *Withdrawal on behalf of deceased owner or incompetent.* A request for payment may be withdrawn under the same conditions as in paragraph (a) of this section by the executor or administrator of the estate of a deceased owner or by the person or persons who could have been entitled to the bond under Subpart L, or by the legal representative of the estate of a person under legal disability, unless surrender of the bond for payment has eliminated the interest of a surviving coowner or beneficiary. See § 353.70(b) and (c).

Subpart I—Reissue and Denominational Exchange

§ 353.45 General.

Reissue of a bond may be made only under the conditions specified in these regulations, and only at: (a) A Federal Reserve Bank or Branch, or (b) the Bureau of the Public Debt. Reissue will not be made if the request is received less than one full calendar month before the final maturity date of a bond. The request, however, will be effective to establish ownership as though the requested reissue had been made.

§ 353.46 Effective date of request for reissue.

The Department of the Treasury will treat the receipt by: (a) A Federal Reserve Bank or Branch or (b) the Bureau of the Public Debt of a bond and an acceptable request for reissue as determining the date upon which the rights of the parties are fixed for the purpose of reissue. For example, if the owner or either coowner of a bond dies after the bond has been surrendered for reissue, the bond will be regarded as having been reissued in the decedent's lifetime.

§ 353.47 Authorized reissue—during lifetime.

A bond belonging to an individual may be reissued in any authorized form of registration upon an appropriate request for the purposes outlined below.

(a) *Single ownership.* A bond registered in single ownership form may be reissued—

(1) To add a coowner or beneficiary; or

(2) To name a new owner, with or without a coowner or beneficiary, but only if:

(i) The new owner is related to the previous owner by blood (including legal adoption) or marriage; (ii) the previous owner and the new owner are parties to a divorce or annulment; or (iii) the new sole owner is the trustee of a personal trust estate which was created by the previous owner or which designates as beneficiary either the previous owner or a person related to him or her by blood (including legal adoption) or marriage.

(b) *Coownership*—(1) *Reissue—to name a related individual as owner or coowner.* During the lifetime of both coowners, a coownership bond may be reissued in the name of another individual related by blood (including legal adoption) or marriage to either coowner:

(i) As single owner,

(ii) As owner with one of the original coowners as beneficiary, or

(iii) As a new coowner with one of the original coowners.

(2) *Reissue—to name either coowner alone or with another individual as*

coowner or beneficiary. During the lifetime of both coowners, a coownership bond may be reissued in the name of either coowner alone or with another individual as coowner or beneficiary if:

(i) After issue of the submitted bond, either coowner named thereon marries, or the coowners are divorced or legally separated from each other, or their marriage is annulled; or

(ii) Both coowners on the submitted bond are related by blood (including legal adoption) or marriage to each other.

(3) *Reissue—to name the trustee of a personal trust estate.* A bond registered in coownership form may be reissued to name a trustee of a personal trust estate created by either coowner or by some other person if:

(i) Either coowner is a beneficiary of the trust, or (ii) a beneficiary of the trust is related by blood or marriage to either coowner.

(c) *Beneficiary.* A bond registered in beneficiary form may be reissued:

(1) To name the beneficiary as coowner;

(2) To substitute another individual as beneficiary; or

(3) To eliminate the beneficiary, and, if the beneficiary is eliminated, to effect any of the reissues authorized by paragraph (a) of this section.

§ 353.48 Restrictions on reissue.

(a) *Denominational exchange.* Reissue is not permitted solely to change denominations.

(b) *United States Treasury.* Reissue may not be made to eliminate the United States Treasury as coowner.

§ 353.49 Correction of errors.

A bond may be reissued to correct an error in registration upon appropriate request supported by satisfactory proof of the error.

§ 353.50 Change of name.

An owner, coowner, or beneficiary whose name is changed by marriage, divorce, annulment, order of court, or in any other legal manner after the issue of the bond should submit the bond with a request for reissue to substitute the new name for the name inscribed on the bond. Documentary evidence may be required in any appropriate case.

§ 353.51 Requests for reissue.

A request for reissue of bonds in coownership form must be signed by both coowners, except that a request solely to eliminate the name of one coowner may be signed by that coowner only. A bond registered in beneficiary form may be reissued upon the request of the owner, without the consent of the beneficiary. Public Debt forms are available for requesting reissue.

Subpart J—Certifying Officers

§ 353.55 Individuals authorized to certify.

The following individuals are authorized to act as certifying officers for the purpose of certifying a request for payment, reissue, or a signature to a Public Debt form:

(a) *Officers generally authorized*—(1) *At banks, trust companies, and member organizations of the Federal Home Loan Bank System.*

(i) Any officer of a bank incorporated in the United States, the territories or possessions of the United States, or the Commonwealth of Puerto Rico.

(ii) Any officer of a trust company incorporated in the United States, the territories or possessions of the United States, or the Commonwealth of Puerto Rico.

(iii) Any officer of an organization that is a member of the Federal Home Loan Bank System. This includes Federal savings and loan associations.

(iv) Any officer of a foreign branch or a domestic branch of an institution indicated in paragraphs (a)(1)(i) through (iii) of this section.

(v) Any officer of a Federal Reserve Bank, a Federal Land Bank, or a Federal Home Loan Bank.

(vi) Any employee of an institution in paragraphs (a)(1)(i) through (v) of this section, who is expressly authorized to certify by the institution.

Certification by these officers or designated employees must be authenticated by a legible imprint of either the corporate seal of the institution or of the issuing or paying agent's stamp. The employee expressly authorized to certify by an institution must sign his or her name over the title "Designated Employee".

(2) *At issuing agents that are not banks or trust companies.* Any officer of an organization, not a bank or a trust company, that is qualified as an issuing agent for bonds of Series EE. The agent's stamp must be imprinted in the certification.

(3) *By United States officials.* Any judge, clerk, or deputy clerk of a United States court, including United States courts for the territories and possessions of the United States and the Commonwealth of Puerto Rico; any United States Commissioner, United States Attorney, or United States Collector of Customs, including their deputies; in the Internal Revenue Service, any Regional Commissioner, District Director, Service Center Director, or Internal Revenue agent.

(b) *Officers with limited authority*—(1) *In the Armed Forces.* Any commissioned officer or warrant officer of the Armed Forces of the United States, but only for members of the respective services, their families, and civilian employees at posts, bases, or stations. The certifying officer must indicate his or her rank and state that the individual signing the request is one of the class whose request the certifying officer is authorized to certify.

(2) *At the Veterans Administration, Federal penal institutions, and United States Public Health Service hospitals.* Any officer in charge of a home, hospital, or other facility of the Veterans Administration, but only for the patients, or employees of the facility; any officer of a Federal penal institution or a United States Public Health Service hospital expressly authorized to certify by the Secretary of the Treasury or his designee, but only for the inmates, patients or employees of the institution involved. Officers of Veterans Administration facilities, Federal penal institutions, and Public Health Service hospitals must use the stamp or seal of the particular institution or service.

(c) *Authorized officers in foreign countries.* Any United States diplomatic or consular representative, or the officer of a foreign branch of a bank or trust company incorporated in the United States whose signature is attested by an imprint of the corporate seal or is certified to the Department of the Treasury. If none of these individuals is available, a notary public or other officer authorized to administer oaths may certify, but his or her official character and jurisdiction must be certified by a United States diplomatic or consular officer under seal of his or her office.

(d) *Authorized officers in particular localities.* The Governor and the Treasurer of Puerto Rico; the Governor and the Commissioner of Finance of the Virgin Islands; the Governor and the Director of Finance of Guam; the Governor and the Director of Administrative Services of American Samoa; or designated officers of the Panama Canal Commission.

(e) *Special provisions.* If no certifying officer is readily accessible, the Commissioner of the Public Debt, Deputy Commissioner, any Assistant Commissioner, or other designated official of the Bureau or of a Federal Reserve Bank or Branch is authorized to make special provision for any particular case.

§ 353.56 General instructions and liability.

(a) The certifying officer must: (1) Require the person presenting a bond, or an appropriate Public Debt transaction form, to establish his or her identity in accordance with Department of the Treasury instructions and identification guidelines;

(2) Place a notation on the back of the bond or on the appropriate Public Debt transaction form, or in a separate record, showing exactly how identification was established; and

(3) Affix, as part of the certification, his or her official signature, title, seal or issuing or paying agent's stamp, address, and the date of execution.

(b) The certifying officer and, if such person is an officer or an employee of an organization, the organization will be held fully responsible for the adequacy of the identification.

§ 353.57 When a certifying officer may not certify.

Certifying officers may not certify the requests for payment of bonds, or appropriate Public Debt transaction forms if, in their own right or in a representative capacity, they—

(a) Have an interest in the bonds, or

(b) Will, by virtue of the requests being certified, acquire an interest in the bonds.

§ 353.58 Forms to be certified.

When required in the instructions on a Public Debt transaction form, the form must be signed before an authorized certifying officer.

Subpart K—Minors, Incompetents, Aged Persons, Absentees, et al.

§ 353.60 Payment to representative of an estate.

(a) The representative of an estate of an owner who is a minor, an aged person, incompetent, absentee, et al., may receive payment upon request:

(1) If the registration shows the name and capacity of the representative;

(2) If the registration shows the capacity but not the name of the representative and the request is accompanied by appropriate evidence; or

(3) If the registration includes neither the name of the representative nor his or her capacity but the request is accompained by appropriate evidence.

(b) Appropriate evidence for paragraphs (a) (2) and (3) of this section includes a certified copy of the letters of appointment or, if the representative is not appointed by a court, other proof of qualification. Except in the case of corporate fiduciaries, the evidence must show that the appointment is in full force and be dated not more than one year prior to the presentation of the bond for payment. The request for payment appearing on the back of a bond must be signed by the representative as such, for example, "John S. Jones, guardian (committee) of the estate of Henry W. Smith, a minor (an incompetent)".

§ 353.61 Payment after death.

After the death of the ward, and at any time prior to the representative's discharge, the representative of the estate will be entitled to obtain payment of a bond to which the ward was solely entitled.

§ 353.62 Payment to minors.

If the owner of a savings bond is a minor and the form of registration does not indicate that there is a representative of the minor's estate, payment will be made to the minor upon his or her request, provided the minor is of sufficient competency to sign the request for payment and to understand the nature of the transaction. In general, the fact that the request for payment has been signed by a minor and certified will be accepted as sufficient proof of competency and understanding.

§ 353.63 Payment to a parent or other person on behalf of a minor.

If the owner of a savings bond is a minor and the form of registration does not indicate that there is a representative of his or her estate, and if the minor is not of sufficient competency to sign the request for payment and to understand the nature of the transaction, payment will be made to either parent with whom the minor resides or to whom legal custody has been granted. If the minor does not reside with either parent, payment will be made to the person who furnishes the chief support for the minor. The request must appear on the back of the bond in one of the following forms:

(a) *Request by parent.*

I certify that I am the mother of John C. Jones (with whom he resides) (to whom legal custody has been granted). He is —— years of age and is not of sufficient understanding to make this request.

Mary Jones on behalf of

John C. Jones

(b) *Request by other person.*

I certify that John C. Jones does not reside with either parent and that I furnish his chief support. He is —— years of age and is not of sufficient understanding to make this request.

Alice Brown, grandmother,
On behalf of John C. Jones

§ 353.64 Payment, reinvestment, or exchange—Voluntary guardian of an incompetent.

When an adult owner of bonds is incapable of requesting payment and there is no other person legally qualified to do so, the relative or other person responsible for the owner's care and support may submit an application for recognition as voluntary guardian for the purpose of redeeming the bonds in the following situations:

(a) The proceeds of the bonds are needed to pay expenses already incurred, or to be incurred during a 90-day period, for the support of the incompetent or his or her legal dependents.

(b) If the bonds have finally matured and it is desired to redeem them and reinvest the proceeds in other savings bonds, the new bonds must be registered in the name of the incompetent, followed by words showing he or she is under voluntary guardianship; for example, "John Jones 123-45-6789, under voluntary guardianship". A living coowner or beneficiary named on the matured bonds must be designated on the new bonds unless the named person furnishes a certified statement consenting to omission of his or her name. If an amount insufficient to purchase an additional bond of any authorized denomination of either series remains after the reinvestment, the voluntary guardian may furnish additional funds sufficient to purchase another bond of either series in the lowest available denomination. If additional funds are not furnished, the remaining amount will be paid to the voluntary guardian for the use and benefit of the incompetent. The provisions for reinvestment of the proceeds of matured bonds are equally applicable to any authorized exchange of bonds of one series for those of another.

§ 353.65 Payment—Attorney-in-fact of an incompetent or a physically disabled person.

A request for payment by an individual as attorney-in-fact of an incompetent or a physically disabled owner will be honored if the power of attorney grants the attorney-in-fact authority to sell or redeem the grantor's securities, sell his or her personal property, or otherwise grants similar authority. The power of attorney must provide that the grantor's subsequent incapacity will not affect the authority granted. The request must be supported by a copy of the power of attorney and evidence of the incapacity of the grantor.

§ 353.66 Reissue.

A bond on which a minor or other person under legal disability is named as the owner or coowner, or in which he or she has an interest, may be reissued under the following conditions:

(a) A minor for whose estate no representative has been appointed may request reissue if the minor is of sufficient competency to sign his or her name to the request and to understand the nature of the transaction.

(b) A bond on which a minor is named as beneficiary or coowner may be reissued in the name of a custodian for the minor under a statute authorizing gifts to minor upon the request of the adult whose name appears on the bond as owner or coowner.

(c) A minor coowner for whose estate no representative has been appointed, may be named sole owner upon the request of the competent coowner.

(d) Reissue to eliminate the name of a minor or incompetent for whose estate a legal representative has been appointed is permitted only if supported by evidence that a court has authorized the representative of the minor's or incompetent's estate to request the reissue. See § 353.23.

Except to the extent provided in paragraphs (a) through (d) of this section, reissue will be restricted to a form of registration which does not adversely affect the existing ownership or interest of a minor who is not of sufficient understanding to make a request, or other person under legal disability. Requests for reissue should be executed by the person authorized to request payment under §§ 353.60 and 353.63, or the person who may request recog-

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nization as voluntary guardian under § 353.64.

Subpart L—Deceased Owner, Coowner or Beneficiary

§ 353.70 General rules governing entitlement.

The following rules govern ownership or entitlement where one or both of the persons named on a bond have died without the bond having been surrendered for payment or reissue:

(a) *Single owner bond.* If the owner of a bond registered in single ownership form has died, the bond becomes the property of that decedent's estate, and payment or reissue will be made as provided in this subpart.

(b) *Coowner bond*—(1) *One coowner deceased.* If one of the coowners named on a bond has died, the surviving coowner will be recognized as the sole and absolute owner, and payment or reissue will be made as though the bond were registered in the name of the survivor alone. Any request for reissue by the surviving coowner must be supported by proof of death of the other coowner.

(2) *Both coowners deceased.* If both coowners named on a bond have died, the bond becomes the property of the estate of the coowner who died last, and payment or reissue will be made as if the bond were registered in the name of the last deceased coowner alone. Proof of death of both coowners will be required to establish the order of death.

(3) *Simultaneously death of both coowners.* If both coowners die under conditions where it cannot be established, either by presumption of law or otherwise, which coowner died first, the bond becomes the property of both equally, and payment or reissue will be made accordingly.

(c) *Beneficiary bond.* (1) *Owner deceased.* If the owner of a bond registered in beneficiary form has died and is survived by the beneficiary, upon proof of death of the owner, the beneficiary will be recognized as the sole and absolute owner of the bond. Payment or reissue will be made as though the bond were registered in the survivor's name alone. A request for payment or reissue by the beneficiary must be supported by proof of death of the owner.

(2) *Beneficiary deceased.* If the beneficiary's death occurs before, or simultaneously with, that of the registered owner, payment or reissue will be made as though the bond were registered in the owner's name alone. Proof of death of the owner and beneficiary is required to establish the order of death.

(d) *Nonresident aliens.* If the person who becomes entitled to a bond because of the death of an owner is an alien who is a resident of an area with respect to which the Department of the Treasury restricts or regulates the delivery of checks drawn against funds of the United States or its agencies or instrumentalities, delivery of the redemption check will not be made so long as the restriction applies. See Department of the Treasury Circular No. 655, current revision (31 CFR Part 211).

§ 353.71 Estate administered.

(a) *During administration.* The legal representative of an estate may request payment of bonds, including interest or redemption checks, belonging to the estate or may have the bonds reissued in the names of the persons entitled to share in the estate under the following conditions:

(1) When there is more than one legal representative, all must join in the request for payment or reissue, unless § 353.75(a)(1) or (b) applies.

(2) The request for payment or reissue must be signed in the form: "John A. Jones, administrator of the estate (or executor of the will) of Henry M. Jones, deceased". The request must be supported by evidence of the legal representative's authority in the form of a court certificate or a certified copy of the legal representative's letters of appointment which must be dated within six months of the date of presentation of the bond, unless the evidence shows that the appointment was made within one year prior to the presentation of the bond.

(3) For reissue, the legal representative must certify that each person in whose name reissue is requested is entitled to the extent specified and must

certify that each person has consented to the reissue. If a person in whose name reissue is requested desires to name a coowner or beneficiary, the person must execute an additional request for reissue on the appropriate form.

(b) *After administration.* If the estate of the decedent has been settled through judicial proceedings, the bond and interest and redemption checks will be paid, or the bond will be reissued, upon the request of the person shown to be entitled by the court order. The request must be supported by a certified copy of the legal representative's court-approved final account, the decree of distribution, or other pertinent court records. If two or more persons have an interest in the bond, they must enter into an agreement concerning the bond's disposition. If the person entitled desires to name a coowner or beneficiary, a separate request must be made on an appropriate form.

(c) *Special provisions for small amounts.* Special procedures are available for establishing entitlement to, or effecting disposition of, savings bonds and interest and redemption checks if the aggregate face amount, excluding interest checks, does not exceed $1,000.

§ 353.72 Estate not administered.

(a) *Special State law provisions.* A request for payment or reissue of a bond by the person who has qualified under State law to receive or distribute the assets of a decedent's estate will be accepted, provided evidence of the person's authority is submitted.

(b) *Agreement of persons entitled.* If there is no legal representative for the estate of a decedent, the bonds will be paid to, or reissued in the name of, the persons entitled, pursuant to an agreement and request executed by all persons entitled to share in the decedent's personal estate. If the persons entitled to share in the decedent's personal estate include minors or incompetents, payment or reissue of the bonds must be made to them or in their names unless their interest in the bonds is otherwise protected.

(c) *Creditors.* An institutional creditor of a deceased owner's estate is entitled to payment only to the extent of its claim.

(d) *Special provisions for payment of small amounts- survivors of the decedent.* (1) If the face amount of the bond does not exceed $500 and there is no legal representative of the deceased owner's estate, the bond will be paid upon the request of the person who paid the burial expenses and who has not been reimbursed.

(2) If there is no legal representative of the estate of a decedent who died without a will, and the total face amount of bonds in the estate does not exceed $1,000 (face amount), the bonds may be paid to the decedent's survivors upon request in the following order of precedence:

(i) Surviving spouse;

(ii) If no surviving spouse, to the child or children of the decedent, and the descendants of deceased children by representation;

(iii) If none of the above, to the parents of the decedent, or the survivor;

(iv) If none of the above, to the brothers and sisters, and the descendants of deceased brothers or sisters by representation;

(v) If none of the above, to other next-of-kin, as determined by the laws of the owner's domicile at death;

(vi) If none of the above, to persons related to the decedent by marriage.

The payment pursuant to this section shall be made upon the request and agreement of the survivors to receive the redemption proceeds individually and for the account of any persons entitled. Interest checks held for the estate of a decedent will be distributed with the bonds.

Subpart M—Fiduciaries

§ 353.75 Payment or reissue during the existence of the fiduciary estate.

(a) *Payment or reissue before maturity*—(1) *Request from the fiduciary named in the registration.* A request for reissue or payment prior to maturity must be signed by all of the fiduciaries unless by statute, decree of court, or the terms of the governing instrument, any lesser number may properly execute the request. If the fiduciaries named in the registration are still acting, no further evidence will be required. In other cases, evidence to support the request will be required, as specified:

(i) *Fiduciaries by title only.* If the bond is registered only in the titles, without the names, of fiduciaries not acting as a board, satisfactory evidence of their incumbency must be furnished, except in the case of bonds registered in the title of public officers as trustees.

(ii) *Boards, committees, commission, etc.* If a bond is registered in the name of a governing body which is empowered to act as a unit, and which holds title to the property of a religious, educational, charitable or nonprofit organization or a public corporation, the request should be signed in the name of the body by an authorized person. Ordinarily, a signed and certified request will be accepted without further evidence.

(iii) *Corporate fiduciaries.* If a bond is registered in the name of a public or private corporation or a governmental body as fiduciary, the request must be signed by an authorized officer in the name of the organization as fiduciary. Ordinarily, a signed and certified request will be accepted without further evidence.

(2) *Trustee of a common trust fund.* A bond held by a financial institution in a fiduciary capacity may be reissued in the name of the institution as trustee of its common trust fund to the extent that participation in the common trust fund is authorized by law or regulation. The request for reissue should be executed by the institution and any cofiduciary.

(3) *Successor fiduciary.* If the fiduciary in whose name the bond is registered has been replaced by another fiduciary, satisfactory evidence of successorship must be furnished.

(b) *Payment at or after final maturity.* At or after final maturity, a request for payment signed by any one or more of the fiduciaries will be accepted. Payment will be made by check drawn as the bond is registered.

§ 353.76 Payment or reissue after termination of the fiduciary estate

A bond registered in the name or title of a fiduciary may be paid or reissued to the person who has become entitled by reason of the termination of a fiduciary estate. Requests for reissue made by a fiduciary pursuant to the termination of a fiduciary estate should be made on the appropriate form. Requests for payment or reissue by other than the fiduciary must be accompanied by evidence to show that the person has become entitled in accordance with applicable State law or otherwise. When two or more persons have become entitled, the request for payment or reissue must be signed by each of them.

§ 353.77 Exchanges by fiduciaries.

Fiduciaries are authorized to request an exchange of bonds of one series for those of another, pursuant to any applicable Department of the Treasury offering. A living coowner of beneficiary named on the bonds submitted in exchange may be retained in the same capacity on the new bonds.

Subpart N—Private Organizations (Corporations, Associations, Partnerships, et cetera) and Governmental Agencies, Units and Officers

§ 353.80 Payment to corporations or unincorporated associations.

A bond registered in the name of a private corporation or an unincorporated association will be paid to the corporation or unincorporated association upon a request for payment on its behalf by an authorized officer. The signature to the request should be in the form, for example, "The Jones Coal Company, a corporation, by John Jones, President", or "The Lotus Club, an unincorporated association, by William A. Smith, Treasurer". A request for payment so signed and certified will ordinarily be accepted without further evidence of the officer's authority.

§ 353.81 Payment to partnerships.

A bond registered in the name of an existing partnership will be paid upon a request for payment signed by a general partner. The signature to the request should be in the form, for example, "Smith and Jones, a partnership, by John Jones, a general partner". A request for payment so signed and certified will ordinarily be accepted as sufficient evidence that the partnership is still in existence and that the person signing the request is authorized.

§ 353.82 Reissue or payment to successors of corporations, unincorporated associations, or partnerships.

A bond registered in the name of a private corporation, an unincorporated association, or a partnership which has been succeeded by another corporation, unincorporated association, or partnership by operation of law or otherwise, in any manner whereby the business or activities of the original organization are continued without substantial change, will be paid to or reissued in the name of the succeeding organization upon appropriate request on its behalf, supported by satisfactory evidence of successorship. The appropriate form should be used.

§ 353.83 Reissue or payment on dissolution of corporation or partnership.

(a) *Corporations.* A bond registered in the name of a private corporation which is in the process of dissolution will be paid to the authorized representative of the corporation upon a request for payment, supported by satisfactory evidence of the representative's authority. At the termination of dissolution proceedings, the bond may be reissued upon the request of the authorized representative in the names of those persons, other than creditors, entitled to the assets of the corporation, to the extent of their respective interests. Proof will be required that all statutory provisions governing the dissolution of the corporation have been complied with and that the persons in whose names reissue is requested are entitled and have agreed to the reissue. If the dissolution proceedings are under the direction of a court, a certified copy of an order of the court, showing the authority of the representative to make the distribution requested must be furnished.

(b) *Partnerships.* A bond registered in the name of a partnership which has been dissolved by death or withdrawal of a partner, or in any other manner:

(1) Will be paid upon a request for payment by any partner or partners authorized by law to act on behalf of the dissolved partnership, or

(2) Will be paid to or reissued in the names of the persons entitled as the result of such dissolution to the extent of their respective interests, except that reissue will not be made in the names of creditors. The request must be supported by satisfactory evidence of entitlement, including proof that the debts of the partnership have been paid or properly provided for. The appropriate form should be used.

§ 353.84 Payment to certain institutions.

A bond registered in the name of a church, hospital, home, school, or similar institution, without reference in the registration to the manner in which it is organized or governed or to the manner in which title to its property is held, will be paid upon a request for payment signed on behalf of such institution by an authorized representative. A request for payment signed by a pastor of a church, superintendent of a hospital, president of a college, or by any official generally recognized as having authority to conduct the financial affairs of the particular institution will ordinarily be accepted without further proof of authority. The signature to the request should be in the form, for example, "Shriners' Hospital for Crippled Children, St. Louis, Missouri, by William A. Smith, Superintendent", or "St. Mary's Roman Catholic Church, Albany, New York, by the Rev. John Smyth, Pastor".

§ 353.85 Reissue in name of trustee or agent for reinvestment purposes.

A bond registered in the name of a religious, educational, charitable or nonprofit organization, whether or not incorporated, may be reissued in the name of a financial institution, or an individual, as trustee or agent. There must be an agreement between the organization and the trustee or agent holding funds of the organization, in whole or in part, for the purpose of investing and reinvesting the principal and paying the income to the organization. Reissue should be requested on behalf of the organization by an authorized officer using the appropriate form.

§ 353.86 Reissue upon termination of investment agency.

A bond registered in the name of a financial institution, or individual, as agent for investment purposes only, under an agreement with a religious, an educational, a charitable, or a nonprofit organization, may be reissued in the name of the organization upon termination of the agency. The former agent should request such reissue and should certify that the organization is entitled by reason of the termination of the agency. If such request and certification are not obtainable, the bond will be reissued in the name of the organization upon its own request, supported by satisfactory evidence of the termination of the agency. The appropriate form should be used.

§ 353.87 Payment to governmental agencies, units, or their officers.

(a) *Agencies and units.* A bond registered in the name of a State, county, city, town, village, or in the name of a Federal, State, or local governmental agency, such as a board, commission, or corporation, will be paid upon a request signed in the name of the governmental agency or unit or by an authorized officer. A request for payment so signed and certified will ordinarily be accepted without further proof of the officer's authority.

(b) *Officers.* A bond registered in the official title of an officer of a governmental agency or unit will be paid upon a request for payment signed by the officer. The request for payment so signed and certified will ordinarily be accepted as proof that the person signing is the incumbent of the office.

Subpart O—Miscellaneous Provisions

§ 353.90 Waiver of regulations.

The Commissioner of the Public Debt, as designee of the Secretary of the Treasury, may waive or modify any provision or provisions of these regulations. He may do so in any particular case or class of cases for the convenience of the United States or in order to relieve any person or persons of unnecessary hardship:

(a) If such action would not be inconsistent with law or equity, (b) if it does not impair any existing rights, and (c) if he is satisfied that such action would not subject the United States to any substantial expense or liability.

§ 353.91 Additional requirements; bond of indemnity.

The Commissioner of the Public Debt, as designee of the Secretary of the Treasury, may require:

(a) Such additional evidence as he may consider necessary or advisable, or (b) a bond of indemnity, with or without surety, in any case in which he may consider such a bond necessary for the protection of the interests of the United States.

§ 353.92 Supplements, amendments, or revisions.

The Secretary of the Treasury may at any time, or from time to time, prescribe additional, supplemental, amendatory, or revised rules and regulations governing United States Savings Bonds of Series EE and HH.

PART 354—REGULATIONS GOVERNING BOOK-ENTRY SECURITIES OF THE STUDENT LOAN MARKETING ASSOCIATION (SALLIE MAE)

Sec.

354.0 Applicability and effect.
354.1 Definition of terms.
354.2 Authority of Reserve Banks.
354.3 Scope and effect of book-entry Sallie Mae securities accounts.
354.4 Transfer or pledge.
354.5 Withdrawal of Sallie Mae securities.
354.6 Delivery of Sallie Mae securities.
354.7 Classes of accounts.
354.8 Identification of accounts.
354.9 Servicing book-entry Sallie Mae securities.

AUTHORITY: Section 1087-2(h)(1) of the Higher Education Act of 1965, as amended, 86 Stat. 265; 94 Stat. 1427-1430; 95 Stat. 457 (20 U.S.C. 1087-2); 12 U.S.C. 391; and 5 U.S.C. 301.

SOURCE: 48 FR 8059, Feb. 25, 1983, unless otherwise noted.

§ 354.0 Applicability and effect.

(a) *Applicability.* The regulations in this part govern the issuance of, and transactions in, all securities issued by the Student Loan Marketing Association, sometimes hereafter referred to as "Sallie Mae" or "Association," on or before September 30, 1983.

(b) *Effect.* The Sallie Mae securities to which these regulations apply are obligations, which, by the terms of their issue, are available exclusively in book-entry form, or, which, by the terms of their issue, or otherwise, are convertible from book-entry to definitive form, or vice versa.

§ 354.1 Definition of terms.

In this part, unless the context otherwise requires or indicates:

(a) "Reserve Bank" means a Federal Reserve Bank acting as fiscal agent for Sallie Mae and, when indicated, in its individual capacity.

(b) "Sallie Mae" means the Student Loan Marketing Association, a stockholder-owned corporation established in 1972 by the Higher Education Act of 1965, Pub. L. 92-318, 86 Stat. 265 (20 U.S.C. 1087-2), to provide liquidity for financial and educational institutions and other lenders participating in the Federal Guaranteed Student Loan Program and the Health Education Assistance Loan Program to support the credit needs of students.

(c) "Sallie Mae security" or "security" means notes, bonds, debentures or other similar obligations of the Student Loan Marketing Association issued under the Higher Education Act of 1965, as amended.

(d) "Definitive Sallie Mae security" or "definitive security" means a Sallie Mae security issued in engraved or printed form.

(e) "Book-entry Sallie Mae security" or "book-entry security" means a Sallie Mae security issued in the form of an entry made as prescribed in this part on the records of a Federal Reserve Bank.

(f) "Convertible" means a definitive Sallie Mae security that is convertible into a book-entry Sallie Mae security or vice versa.

(g) "Pledge" includes a pledge of, or any other security interest in, book-entry Sallie Mae securities as collateral for loans or advances, or to secure deposits of public moneys or the performance of an obligation.

(h) "Depository institution" means any national bank, or State bank, other bank or trust company, or any other financial institution, authorized under the Monetary Control Act of 1980, to secure Reserve Bank services.

(i) "CUSIP number" is a unique identification for each security issue established by the Committee on Uniform Security Identification Procedures.

§ 354.2 Authority of Reserve Banks.

Each Reserve Bank is hereby authorized, in accordance with the provisions of this part, to:

(a) Issue book-entry Sallie Mae securities by means of entries on its records, which shall include the name of the Bank's depositor, the latter's employer identification number, where appropriate, and the amount, maturity date and CUSIP number of each security;

(b) Effect conversions between book-entry Sallie Mae securities and definitive Sallie Mae securities;

(c) Service and maintain book-entry Sallie Mae securities; and

(d) Issue a confirmation of transaction in the form of an advice (serially-numbered or otherwise), which specifies the amount, maturity date, and CUSIP number of the security, as well as the date of the transaction.

(e) The foregoing authority shall terminate at the close of business on September 30, 1983, except that, with respect to each issue of book-entry Sallie Mae securities outstanding on said date, the authority shall terminate on its respective maturity date.

§ 354.3 Scope and effect of book-entry Sallie Mae securities accounts.

(a) *Scope and effect of accounts at Reserve Bank.* The Reserve Banks, as fiscal agents for the Student Loan Marketing Association, may apply the regulations in this part to any Sallie Mae securities which are available either in book-entry or definitive form, which have been or are hereafter deposited with a Reserve Bank for any purpose, or which, by the terms of their issuance, are available only in book-entry form, in accounts held in its individual capacity under terms and conditions which indicate that the Reserve Bank will continue to maintain such deposit accounts in its individual capacity notwithstanding their maintenance in book-entry form. This paragraph shall be applicable, but not limited to, Sallie Mae securities deposited or maintained:

(1) As collateral pledged to the Reserve Bank (in its individual capacity) for advances by it;

(2) For a depository institution for its sole account;

(3) For a depository institution held for the account of its customers;

(4) In connection with deposits in a depository institution of funds of States, municipalities, or other political subdivisions;

(5) In connection with the performance of an obligation or duty under federal, state, municipal, or local law, or judgments or decrees of courts.

The maintenance of book-entry Sallie Mae securities under this paragraph shall not derogate from or adversely affect the relationships that would otherwise exist between a Reserve Bank, in its individual capacity, and the entities for which accounts are maintained. Whenever Sallie Mae securities are held in book-entry form, the Reserve Bank is authorized to take all actions necessary in respect of said securities to enable such Reserve Bank, in its individual capacity, to perform its obligations as depository with respect to such Sallie Mae securities.

(b) *Conversion of securities to book-entry.* A Reserve Bank shall convert to book-entry any Sallie Mae securities deposited in definitive form as collateral pledged to the United States, and may hold as book-entries any Sallie Mae securities deposited therewith.

(c) *Consent to conversion.* Any person having an interest in Sallie Mae securities, which are available in either definitive or book-entry form, which are deposited in definitive form with a Reserve Bank (in either its individual capacity or as fiscal agent of the Student Loan Marketing Association) for any purpose shall be deemed to have consented to their conversion to book-entry Sallie Mae securities pursuant to the provisions of this part and in the manner and under procedures prescribed by the Reserve Bank.

§ 354.4 Transfer or pledge.

(a) *Reserve Bank records.* A transfer or a pledge of book-entry Sallie Mae securities to a Reserve Bank or to any transferree or pledgee eligible to maintain an appropriate book-entry account in its name with the Reserve Bank under this part, is effected and perfected, notwithstanding any provision of law to the contrary, by the Reserve Bank making an appropriate entry in its records of the Sallie Mae securities transferred or pledged. The making of such an entry in the records of the Reserve Bank shall:

(1) Have the same effect as the delivery of Sallie Mae securities in bearer definitive form;

(2) Have the effect of a taking of delivery by the transferee or pledgee;

(3) Constitute the transferee or pledgee a holder;

(4) If a pledge, effect a perfected security interest therein in favor of the pledgee. A transfer or pledge of book-entry Sallie Mae securities shall have priority over any transfer, pledge or other interest, theretofore or thereafter effected or perfected under paragraph (b) of this section or in any other manner.

(b) *Member banks or others.* A transfer or a pledge of book-entry Sallie Mae securities, or any interest therein, maintained by a Reserve Bank (in its individual capacity or as fiscal agent of Sallie Mae) in a book-entry account under this part, including Sallie Mae securities in book-entry form under § 354.3, is effected, and a pledge is perfected, by any means that would be effective under applicable law to effect a transfer or to effect and perfect a pledge of Sallie Mae securities or any interest therein, if the securities were maintained by the Reserve Bank in bearer definitive form. For purposes of transfer or pledge hereunder, book-entry Sallie Mae securities maintained by the Reserve Bank shall, notwithstanding any provision of the law to the contrary, be deemed to be maintained in bearer definitive form. The Reserve Bank maintaining book-entry

Sallie Mae securities either in its individual capacity, or as agent of Sallie Mae, is not a bailee for purposes of notification of pledges of those securities under this paragraph. Where Sallie Mae securities are recorded on the books of an entity for account of the pledgor or transferor thereof and such securities are on deposit or are maintained with the Reserve Bank in a book-entry account hereunder, such entity shall, for purposes of perfecting a pledge of such securities or effecting their delivery to a purchaser under applicable provisions of law, be the bailee to which notification of the pledge of the securities may be given or the third person in possession from which acknowledgment of the holding of the securities for the purchase may be obtained. The Reserve Bank will not accept notice or advice of a transfer or a pledge effected or perfected under this paragraph, and any such notice or advice shall have no effect. The Reserve Bank may continue to deal with its depositors in accordance with the provisions of this part, notwithstanding any transfer or pledge effected or perfected under this paragraph.

(c) *Filing and recording unnecessary.* No filing or recording with a public recording office or officer shall be necessary or effective with respect to any transfer or pledge of book-entry Sallie Mae securities or any interest therein.

(d) *Conversion.* The Reserve Bank shall, upon receipt of appropriate instructions, convert book-entry Sallie Mae securities into definitive Sallie Mae securities, if convertible, and deliver them in accordance with such instructions. No such conversion shall affect existing interests in such Sallie Mae securities.

(e) *Transfer by Reserve Bank.* A transfer of book-entry Sallie Mae securities within a Reserve Bank shall be made in accordance with the procedure established by the Bank not inconsistent with this part. The transfer of book-entry Sallie Mae securities by a Reserve Bank may be made through a telegraphic transfer procedure.

(f) *Timeliness of requests.* All requests for transfer, withdrawal or any authorized transaction, must be received prior to the date of call or maturity of the security.

§ 354.5 Withdrawal of Sallie Mae securities.

(a) *Withdrawal of convertible securities.* A depositor of book-entry Sallie Mae securities may withdraw them, if convertible, from a Reserve Bank by requesting delivery of like definitive Sallie Mae securities to itself or, on its order, to a transferee.

(b) *Registration.* Sallie Mae securities, issued on or after the effective date of these regulations, which, by the terms of their issuance, are available in definitive form, may be withdrawn in registered form only.

§ 354.6 Delivery of Sallie Mae securities.

Where a Reserve Bank has received Sallie Mae securities and effected pledges, made entries regarding them, or transferred or delivered them according to the instructions of its depositor, it shall not be liable for conversion or for participation in breach of fiduciary duty even though the depositor has no right to dispose of or take other action in respect of the securities. A Reserve Bank shall be fully discharged of its obligations under this part by the transfer or delivery of Sallie Mae securities in book-entry form to its depositor or upon the order of such depositor. Customers of a depository institution or other entity (other than a Reserve Bank) may obtain Sallie Mae securities in definitive form, if convertible, only by causing the depositor of the Reserve Bank to order the withdrawal thereof from the Reserve Bank.

§ 354.7 Classes of accounts.

A Reserve Bank is authorized to maintain book-entry Sallie Mae securities for depository institutions located in its district for securities such institutions hold for their own account, or hold for the account of their customers, and as otherwise specified in § 354.3. Purchasers of book-entry Sallie Mae securities, on original issue or otherwise, may have such securities maintained in book-entry form at depository institutions of a Federal Reserve Bank or in accounts maintained at entities providing securities safekeeping services for customers (*e.g.*, securities dealers) which have related accounts at such institutions.

§ 354.8 Identification of accounts.

Book-entry accounts may be established in such form or forms as customarily permitted by the entity (*e.g.*, depository institution, securities dealer, etc.) maintaining them, except that each account should include data to permit both customer identification by name, address, and taxpayer identifying number, as well as a determination of the Sallie Mae securities being held in such account by amount, maturity, date, and CUSIP number, and of transactions relating thereto.

§ 354.9 Servicing book-entry Sallie Mae securities.

Payment of interest, payment at upon call or at maturity.

(a) *Payment of interest.* Interest becoming due on book-entry Sallie Mae securities shall be charged to the appropriate Sallie Mae account at the Reserve Bank on the interest-due date and remitted or credited in accordance with the instructions of the depository institution.

(b) *Payment of principal.* Upon call or at maturity book-entry Sallie Mae securities shall be redeemed and charged to the appropriate Sallie Mae account at the Reserve Bank and the redemption proceeds, i.e., principal and any interest payable with the principal, shall be disposed of in accordance with the instructions of the depository institution for whose account the securities were maintained.

PART 355—REGULATIONS GOVERNING FISCAL AGENCY CHECKS

Sec.
355.0 Applicability.
355.1 Governing law.
355.2 Definitions.
355.3 Presentment.
355.4 Presentment warranties.
355.5 Notice and replacement—non-receipt, theft, loss or destruction; late presentment.
355.6 Additional requirements.
355.7 Waiver of regulations.
355.8 Supplements, amendments or revisions.

AUTHORITY: 31 U.S.C. Chapter 31, 12 U.S.C. 391.

SOURCE: 50 FR 42519, Oct. 21, 1985, unless otherwise noted.

§ 355.0 Applicability.

The regulations in this part prescribe the rights and liabilities of the United States, the Federal Reserve Banks, and others on fiscal agency checks. They apply to checks issued on behalf of the United States for payments in connection with United States securities. The checks are issued by a Federal Reserve Bank, in its capacity as fiscal agent of the United States. The checks are drawn on the payor Federal Reserve Bank in its banking capacity. They are referred to from time to time as fiscal agency checks. The drawer of a fiscal agency check is the United States; the drawee is a Federal Reserve Bank. Therefore, a fiscal agency check shall not be deemed to be drawn on the United States nor shall the Federal Reserve Bank be deemed its drawer.

§ 355.1 Governing law.

Except as otherwise provided by statute or this part, the regulations governing checks drawn on the United States or on designated depositories of the United States (*e.g.*, 31 CFR Parts 235, 240, 245, and 248) are inapplicable to fiscal agency checks. As to definitions and other matters not specifically covered in this part, fiscal agency checks are governed by Regulation J of the Board of Governors of the Federal Reserve System, 12 CFR Part 210 ("Regulation J"), and to the extent not otherwise inconsistent with these regulations and Regulation J, the Uniform Commercial Code ("U.C.C."), as drafted by the National Conference of Commissioners on Uniform State Laws, and as both may from time to time be revised. Such matters include, but are not limited to, rules regarding general presentment and transfer warranties (as modified herein), indorsement, and final payment.

§ 355.2 Definitions.

"Department" means the United States Department of the Treasury.

"Depository institution" means an entity described in section 19(b) of the Federal Reserve Act.[1]

"Fiscal agency check" means any check drawn upon a Reserve Bank and issued on the Department's behalf by the Reserve Bank in its capacity as fiscal agent of the United States for payments in connection with United States securities.

"Payee" means the person to whom a fiscal agency check is made payable.

"Payor Reserve Bank" means the Reserve Bank on which a fiscal agency check is drawn.

"Presenting bank" means a depository institution which sends a fiscal agency check directly to a Reserve Bank for payment or collection.

"Reserve Bank" or "Federal Reserve Bank" means any Federal Reserve Bank or any branch of a Federal Reserve Bank.

"Security" means a direct obligation of the United States, including Treasury bill, note, or savings bond/note.

§ 355.3 Presentment.

(a) *Manner of presentment.* Presentment of a fiscal agency check must be made to the payor Reserve Bank. Such Reserve Bank will cash a fiscal agency check over-the-counter only if presented by the payee and the payee can be reasonably identified to the satisfaction of the Reserve Bank. Otherwise, a fiscal agency check must be presented through banking channels. A refusal to accept or pay a fiscal agency check presented over-the-counter by a person other than the payee or by a payee not reasonably identified does not constitute dishonor.

(b) *Time limit on presentment.* A payor Reserve Bank may refuse to pay a fiscal agency check presented to it more than six (6) months after the issue date on the check. A fiscal agency check not timely presented should be surrendered by the holder to the payor Reserve Bank with a request for issuance of a replacement check pursuant to § 355.5 (d) of this part.

§ 355.4 Presentment warranties.

(a) *Warranties under Regulation J and State law; modifications.* A presenting bank makes the warranties required of a sender under Subpart A of Regulation J. This paragraph does not limit any warranty by a presenter or other party arising under State law. Neither the Department nor a Reserve Bank is barred from recovering on a breach of warranty solely because:

(1) The negligence of the Department or of a Reserve Bank, as fiscal agent, had contributed to a fraudulent indorsement or material alteration;

(2) The Department or a Reserve Bank, as fiscal agent, had failed promptly to discover an unauthorized signature or alteration; or

(3) An imposter had fraudulently caused the issuance of a fiscal agency check in the name of any existing payee; or

(4) An employee of the Department or a Reserve Bank, as fiscal agent, had fraudulently caused the issuance of a fiscal agency check in the name of any existing payee.

(b) *Effect of breach of warranty.* In the event of a breach of warranty, the payor Reserve Bank may either return the item to the presenting bank or send to the presenting bank notice of the breach. If, upon receipt of the returned check or notice of breach, the presenting bank does not make prompt restitution, the Department may begin appropriate collection procedures.

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[1] Under section 19(b) of the Federal Reserve Act (12 U.S.C. 461(b)), the term "depository institution" means:

(i) Any insured bank as defined in 12 U.S.C. 1813 or any bank which is eligible to make application to become an insured bank under 12 U.S.C. 1815;

(ii) Any mutual savings bank as defined in 12 U.S.C. 1813 or any bank which is eligible to make application to become an insured bank under 12 U.S.C. 1815;

(iii) Any savings bank as defined in 12 U.S.C. 1813 or any bank which is eligible to make application to become an insured bank under 12 U.S.C. 1815;

(iv) Any insured credit union as defined in 12 U.S.C. 1752 or any credit union which is eligible to make application to become an insured credit union pursuant to 12 U.S.C. 1781;

(v) Any member as defined in 12 U.S.C. 1422; and

(vi) Any insured institution as defined in 12 U.S.C. 1724 or any institution which is eligible to make application to become an insured institution under 12 U.S.C. 1726.

§ 355.5 Notice and replacement—non-receipt, theft, loss or destruction; late presentment.

(a) *Notification.* If a fiscal agency check is not received by the payee within a reasonable time after a payment is due, or if the check is lost, stolen or destroyed, prompt notification thereof should be made to the payor Reserve Bank or directly to the Department, as appropriate. The notice may be given by telephone, but if it is given by telephone, such notice must be confirmed in writing before a replacement check is issued. The notification must contain sufficient information to enable the payor Reserve Bank or the Department to identify the account and/or the security to which the payment is related. Payment on a fiscal agency check will be stopped if the notice of non-receipt, loss, theft, or destruction is received at such time and in such manner as to afford the payor Reserve Bank a reasonable opportunity to act on it prior to final payment, as provided by applicable law.

(b) *Replacement action.* The payor Reserve Bank will issue a replacement fiscal agency check if:

(1) Written notice, as provided in paragraph (a) of this section, is submitted;

(2) The fiscal agency check is unpaid;

(3) It determines that recovery of the original check is unlikely; and

(4) The payee and endorsee, if any, of the check execute such indemnification agreement as may be required.

(c) *Recovery before replacement.* If prior to the issuance of a replacement fiscal agency check, the original check is recovered by the payee or any holder, and such recovery is confirmed in writing, the stop payment order against the check will be removed. If a replacement check was issued, the original check should be returned to the payor Reserve Bank.

(d) *Late presentment.* If a payor Reserve Bank refuses payment on a fiscal agency check solely as a result of § 355.3(b) of this part, a replacement check will be issued to a payee or holder upon surrender of the original check and execution of such indemnification agreement as may be required.

(e) *Improper endorsement.* Upon verification of the existence of a forged or unauthorized endorsement on a fiscal agency check which has been finally paid, the payor Reserve Bank shall issue a replacement check to the person entitled. In any event, the payee or endorsee of the check will be required to execute an affidavit asserting that there has been a forged or unauthorized endorsement, in addition to any required indemnification agreement.

(f) *Payment to two or more persons.* In the case of a fiscal agency check payable to the order of two or more persons, the requirements of this section apply to all designated payees.

[50 FR 42519, Oct. 21, 1985; 50 FR 46284, Nov. 7, 1985]

§ 355.6 Additional requirements.

In any case or any class of cases arising under these regulations, the Secretary of the Treasury ("Secretary") may require such additional evidence of loss, improper endorsement or entitlement to a replacement as may in the judgment of the Secretary be necessary for the protection of the interests of the United States.

§ 355.7 Waiver of regulations.

The Secretary reserves the right, in the Secretary's discretion, to waive any provision(s) of these regulations in any case or class of cases for the convenience of the United States or in order to relieve any person(s) of unnecessary hardship, if such action is not inconsistent with law, does not impair any existing rights, and the Secretary is satisfied that such action will not subject the United States to any substantial expense or liability.

§ 355.8 Supplements, amendments or revisions.

The Secretary may, at any time, prescribe additional supplemental, amendatory or revised regulations with respect to fiscal agency checks.

PART 357—REGULATIONS GOVERNING BOOK-ENTRY TREASURY BONDS, NOTES AND BILLS (DEPARTMENT OF THE TREASURY CIRCULAR, PUBLIC DEBT SERIES NO. 2-86)

Subpart A—General Information

Sec.
357.0-357.2 [Reserved]
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APPENDIX A—DISCUSSION OF FINAL RULE

AUTHORITY: 31 U.S.C. Chapter 31; 12 U.S.C. 391.

SOURCE: 51 FR 18265, May 16, 1986, unless otherwise noted.

Subpart A—General Information

§§ 357.0–357.2 [Reserved]

§ 357.3 Definitions.

In this part, unless the context indicates otherwise:

"Bill" means an obligation of the United States, with a term of not more than one year, issued at a discount, under Chapter 31 of Title 31 of the United States Code, in book-entry form.

"Bond" means an obligation of the United States, with a term of more than ten years, issued under Chapter 31 of Title 31 of the United States Code, in book-entry form.

"Department" means the United States Department of the Treasury, and, where appropriate, the Federal Reserve Banks acting as fiscal agents of the United States.

"Depository institution" means an entity described in section 19(b) of the Federal Reserve Act (12 U.S.C. 461(b)). Under section 19(b) of the Federal Reserve Act, the term "depository institution" includes:

(a) Any insured bank as defined in 12 U.S.C. 1813 or any bank which is eligible to make application to become an insured bank under 12 U.S.C. 1815;

(b) Any mutual savings bank as defined in 12 U.S.C. 1813 or any bank which is eligible to make application to become an insured bank under 12 U.S.C. 1815;

(c) Any savings bank as defined in 12 U.S.C. 1813 or any bank which is eligible to make application to become an insured bank under 12 U.S.C. 1815;

(d) Any insured credit union as defined in 12 U.S.C. 1752 or any credit union which is eligible to make application to become an insured institution under 12 U.S.C. 1781;

(e) Any member as defined in 12 U.S.C. 1422;

(f) Any insured institution as defined in 12 U.S.C. 1724 or any credit union which is eligible to make application to become an insured credit union under 12 U.S.C. 1726; and

(g) For the purpose of 12 U.S.C. 248(o), 342 to 347, 347c, and 372, any association or entity which is wholly owned by or which consists only of institutions referred to in paragraphs (a) through (d) of this definition.

"Federal Reserve Bank" or "Reserve Bank" means a Federal Reserve Bank or Branch.

"Financial institution" means, for purposes of direct deposit, an institution which has agreed to receive credit payments under 31 CFR Part 210, as amended from time to time, and has not withdrawn its participation in a direct deposit program under Part 210, or an institution which is willing to agree to receive credit payments under 31 CFR Part 210 and has enrolled with its Federal Reserve Bank.

"Incompetent" means an individual who is legally, medically or mentally incapable of handling his or her business affairs, except that a minor is not an incompetent solely because of age.

"Maturity value" is the amount that the Department is obligated to pay when a security matures.

"Minor" means an individual who is under the age of majority, as determined by applicable state law.

"Note" means an obligation of the United States, with a term of at least one year, but of not more than ten years, issued under Chapter 31 of Title 31 of the United States Code, in book-entry form.

"Original issue" means the offering by the Department of the Treasury of a marketable Treasury security to the public and its issuance in book-entry accounts maintained either directly by the Treasury or held through a Federal Reserve Bank.

"Owner," as used in Subpart C, means the individual(s) or entity in whose name a security is registered. If a security is registered in more than one name, the term "owner" incudes all those whose names appear on the registration and are authorized by this Part to make a transaction request on a security held in TREASURY DIRECT.

"Redemption" means payment of a security at maturity, or pursuant to a call for redumption in accordance with the terms of a security.

"Representative" includes an executor, administrator, legal guardian, committee, conservator, and any similar person or entity appointed by a court to represent the estate of a decedent, minor, or incompetent, as well as a trustee, whether appointed by a court or otherwise.

"Security" means a bond, note, or bill, each as defined in this section, and any other obligation issued by the Department that, by the terms of the applicable offering circular, are made subject to this part. Solely for purposes of this part, it also means the interest and principal components of a security eligible for Separate Trading of Registered Interest and Principal of Securities ("STRIPS"), if such security has been divided into such components by the express terms of the offering circular under which the security was issued and the components are maintained separately on the books of a Federal Reserve Bank.

"Security interest" and "pledge" mean an interest in a security, which interest is acquired by a secured party to secure payment or performance of an obligation and is created by a security agreement between the person having such obligation and the secured party.

"Taxpayer identifying number" or "TIN" means a social security account number or an employer identification number, as appropriate.

"TRADES" is the Treasury/Reserve Automated Debt Entry System.

"Transaction request" means a request to effect a change in an account master record or securities portfolio maintained in TREASURY DIRECT.

"Transaction request form" means a form or series of forms prescribed for use by the Department to request a transaction in TREASURY DIRECT. (This term includes a document that the Department has determined contains all of the elements required by the transaction request form.)

"TREASURY DIRECT" is the TREASURY DIRECT Book-Entry Securities System.

Subpart B—Treasury/Reserve Automated Debt Entry System (TRADES)—[Reserved]

Subpart C—TREASURY DIRECT Book-Entry Securities System (TREASURY DIRECT)

§ 357.20 Securities account in TREASURY DIRECT.

(a) *Account.* A securities account consists of:

(1) An account master record, and

(2) A securities portfolio.

(b) *Security.* A security in TREASURY DIRECT is evidenced by the account master record and a description of the security as set out in the securities portfolio associated with an account master record.

(c) *Account master record.* An owner must establish an account master record before the owner may deposit a security in TREASURY DIRECT. If the security is being purchased on original issue, the request that an account master record be established may be made on the form used for purchase of the security. If the security is being acquired other than on original issue, the request that an account master record be established should be made on the appropriate form that is provided by the Department. The account master record includes, but is not limited to, the following data:

(1) The exact form of registration in which the securities are held;

(2) The TREASURY DIRECT account number;

(3) The correspondence address for the account;

(4) The TIN of the owner, or in the case of ownership by two individuals, of the first-named owner; and

(5) Payment instructions. (See § 357.26.)

(d) *Securities portfolio.* The securities portfolio contains a description of each security and is the aggregate of all securities in the securities account.

(e) *Statement of account.* The Department shall send a statement of account ("statement") upon:

(1) Establishment of, or a change in, an account master record or the securities portfolio;

(2) Change in payment instructions; or

(3) An owner's request.

The statement shall contain information regarding the account as of the date of such statement. The price associated with each security in the securities portfolio will also appear on the statement.[1] The statement will normally be sent to the correspondence address designated in the account master record. When the statement is issued as a result of a change in ownership of a security, statements will be sent, where appropriate, to both the former and current owners. Other information regarding the account may be obtained in accordance with § 357.24.

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[1] IRS regulations require reporting of income information on a security.

(1) If the security is a bill, the price information will be used to comply with this requirement. The earnings reported to IRS for the year of a bill's maturity will be the difference between the par value of the bill and its price.

(a) If a bill is deposited in TREASURY DIRECT at original issue, the price shown will be the issue price.

(b) If a bill is transferred to TREASURY DIRECT from TRADES, the price shown will be that included in the transfer wire or supplied subsequently by the bill owner. If a price is not furnished, the price shown will be the weighted average price of the bill of the longest maturity having the identical CUSIP number.

(c) If a bill is transferred from one TREASURY DIRECT account to another, the price shown in the receiving (transferee's) account will be that shown on the transfer instructions or supplied subsequently by the transferee. If a price is not furnished, the price shown will be the weighted average price at original issue of the bill of the longest maturity having the identical CUSIP number, unless the term of the bill can be determined from the account record in which case the price shown will be the weighted average price at original issue of the bill with that term.

(2) If the security is a note or bond, the earnings reported to IRS for a year will be the periodic interest payments made during that year. If a note or bond is transferred to a TREASURY DIRECT account between interest payment dates, the earnings reported to IRS for the transferee will show the interest for the entire interest payment period. The price for notes and bonds will be shown on the statement of account for the account owner's information. The price shown will be determined following the procedures described above for bills.

(3) The security owner should report directly to the IRS (a) adjustments to annual earnings amounts arising from acquisition of notes and bonds between interest payment periods and (b) price corrections for bills reported after preparation of the reports to the IRS.

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§ 357.21 Registration.

(a) *General*—(1) Registration of a security conclusively establishes ownership, except in the case of partnership nominees, in which case the Department reserves the right to treat the registration as conclusive of ownership. The registration may not, except as provided in this Subpart, include any restriction on the authority of an owner to change the data in the account master record, transfer the security, or effect any other change in the securities portfolio.

(2) The registration of all securities held by an owner should be uniform with respect to the owner's name. An owner must be identified by the name by which the owner is ordinarily known, preferably including at least one full given name. A suffix, such as "Sr." or "Jr.", must be included when ordinarily used, or when necessary to distinguish members of the same family.

(3) If an additional security is deposited in an existing account, the security will be registered in the same name and form of registration that appears in the designated account master record. One who holds a security as "John Allen Doe" should use that name when depositing another security rather than "J. Allen Doe", or "John A. Doe". Minor variations in names used in acquiring a security to be deposited in an established account may be resolved by the Department.

(b) *Natural persons.* A security may be registered in the names of one or two individuals, but only in one of the following forms:

(1) *Single ownership.* In the name of one individual.

Example: Robert W. Woods.

An individual who is sole proprietor of a business conducted under a trade name may include a reference to the trade name.

Example: John A. Doe, doing business as Doe's Home Appliance Store.

(2) *Ownership by two individuals.*

(i) *"And" form—Joint Ownership*—(A) *Without right of survivorship.* In the names of two individuals, joined by the word "and", and followed by the words "without right of survivorship". A security so registered shall conclusively confer on each owner an undivided interest in the security.

Example: Elizabeth Black and Jane Brown, without right of survivorship.

Any request for registration which purports, by its terms, to preclude the right of survivorship, or which requests registration in the names of two persons without indicating whether survivorship rights attach (other than a registration under paragraph (b)(2)(ii) of this section), will be presumed to be a request for registration without right of survivorship. If a security is registered in this form, a transaction request, other than a request by one owner to transfer the security to the other owner, and other than a request for reinvestment, must be executed by both owners.

(B) *With right of survivorship.* In the names of two individuals, joined by the word "and", and followed by the words "with right of survivorship". A security so registered shall confer on each owner an undivided interest in the security and shall create a conclusive right of survivorship.

Example: Mark A. Doe and Mary B. Doe, with right of survivorship.

If a security is registered in this form, a transaction request, other than a request by one owner to transfer the security to the other owner, and other than a request for reinvestment, must be executed by both owners.

(ii) *"Or" form—"Coownership".* In the names of two individuals, joined by the word "or". A security so registered shall confer on each owner an undivided interest in the security and shall create a conclusive right of survivorship.

Example: Robert Woods or Laura Woods.

If a security is registered in this form, either coowner may make a transaction request, but if the Department receives conflicting requests at or about the same time, it may refuse to process them.

(iii) *Beneficiary.* In the name of one individual followed by the words "Payable on death to" (or "P.O.D.") another individual.

Example: Jack S. Jones, payable on death to Marie Jones.

If a minor or an incompetent is named as a beneficiary, the status of the beneficiary must be identified in the registration. A minor or an incompetent may not be designated as an owner. See paragraphs (b)(3) and (4) of this section.

Example: John Perry, P.O.D. John Perry, Jr., a minor.

Registration in this form shall create ownership rights in the beneficiary only if the beneficiary survives the owner. During an owner's lifetime, a transaction request may be executed by the owner without the consent of the beneficiary. If the beneficiary dies before the owner, the security will be deemed to be registered in the owner's name alone.

(3) *Minors*—(i) *General.* A security may not be registered in the name of a minor in his or her own right as an owner. If a security is so registered and the Department thereafter receives evidence or information of that fact, the Department may suspend processing of any transaction request with respect to the security until either a legal guardian has been appointed or a natural guardian, as provided in paragraph (b)(3)(ii) of this section, has been recognized. Where a legal guardian is appointed, the Department will require a certified copy of the court order making such appointment. See § 357.28(c).

(ii) *Natural guardians of minors.* A security may be registered in the name of a natural guardian of a minor for whose estate no legal representative has been appointed. The parent with whom the minor resides will be recognized as the natural guardian. If the minor resides with both parents, either or both may be recognized as natural guardian(s). If the minor does not reside with either parent, the Department may recognize the person who furnishes the minor's chief support as the natural guardian.

Examples: Michael Jones, as natural guardian of Alice Jones, a minor.

Michael Jones and Evelyn Jones, as natural guardians of Alice Jones, a minor.

The security may also be registered in one of the forms authorized under paragraph (b)(2) of this section.

Examples: James Green, as natural guardian of William Green, a minor, and Anne Green, without right of survivorship.

James Green, as natural guardian of William Green, a minor, POD Lynne Green.

(iii) *Custodian under statute authorizing gifts to minors.* A security may be registered as provided under an applicable gift to minors statute.

Example: Virginia McDonald, as custodian for Lynne Gorman, under the New York Uniform Gifts to Minors Act.

Any request to alter the rights of ownership of the security must be made as provided in the applicable statute.

(4) *Incompetents*—(i) *General.* A security may not be registered in the name of an individual in his or her own right as an owner if that individual is incompetent. If a security is so registered, or if the owner subsequently becomes incompetent after the security is purchased, and the Department receives evidence or information of that fact, the Department may suspend any transaction with respect to the security until a legal guardian, conservator, or other representative of the incompetent's estate has been appointed, or a voluntary guardian, as provided in paragraph (b)(3)(ii) of this section, has been recognized. Where a legal guardian, conservator, or other representative is appointed, the Department will require a certified copy of the court order making such appointment. See § 357.28(c).

(ii) *Voluntary guardian of incompetent.* If a legal guardian has not been appointed, and the face amount of the securities held in one or more accounts in TREASURY DIRECT by an owner who had become incompetent does not exceed, in the aggregate, $20,000 (par amount), upon submission to, and approval by, the Department of an appropriate form, a relative or other person responsible for an incompetent's care and support will be recognized as voluntary guardian for purpose of making a transaction request under § 357.28(b)(4). All persons known by the Department to have an interest in the incompetent's estate, as required by the application form, must agree to the designation of the voluntary guardian. The security may be re-registered in the name of the voluntary guardian.

Example: Richard Melrose, as voluntary guardian for James W. Brundige.

(c) *Representatives.* A security may be registered in the name of a representative of an estate. If there is more than one representative, the names of some representatives may be omitted if followed by language that indicates the existence of other representatives. In such cases, those named in the registration shall be conclusively presumed by the Department to have authority to make a transaction request on behalf of all the representatives. The form of registration must identify the specific capacity of the representative(s) and the estate represented.

Examples: ABC National Bank of Chicago, Illinois and Harold Smith, co-executors of the will (or administrators of the estate) of Charles Johnson, deceased.

William Brown, guardian of the estate of Henry Jones, a minor.

Robert Smith, Richard Smith, *et al.*, executors of the will of Lorraine Smith, deceased.

If the representative is a trustee, the form of registration must identify specifically the authority or document creating the trust.

Examples: Sarah Jones and XYZ Trust Co., trustees under the will of Matthew Smith, deceased.

Cynthia Doe and Margaret Jones, trustees under agreement with Martha Roe, dated April 13, 1979.

Cynthia Doe, trustee under declaration of trust, dated April 13, 1979.

Richard Smith, James Jones, and Frank Brown, trustees under the will of Henry K. James, deceased.

ABC Corporation, Myrna Banker, *et al.*, trustees of Profit-Sharing Plan of Ace Manufacturing Co., under B/D resolution, dated May 18, 1975.

If there are several trustees designated as a board or authorized to act as a unit, their names should be omitted and the words, "Board of Trustees" substituted.

Example: Board of Trustees of Super Co. Retirement Fund, under collective bargaining agreement, dated March 18, 1969.

(d) *Private organizations (corporations, unincorporated associations and partnerships).* A security may be registered in the name of a private corporation, unincorporated association, or partnership. The full legal name of the organization, as set forth in its charter, articles of incorporation, constitution, partnership agreement, or other documents from which its powers are derived, must be included in the registration. The name may be followed by a reference to a particular account or fund, other than a trust fund, such as an escrow account.

(1) *A corporation.* The legal name of a business, fraternal, religious, or other private corporation must be followed by descriptive words indicating the corporate status unless the term "corporation" or the abbreviation "Inc." is part of the name or the name is that of a corporation or association organized under Federal law, such as a national bank or Federal savings and loan association.

Examples: Brown Manufacturing Co., a corporation (Education Fund).

The Apex Manufacturing Corporation.

XYZ National Bank of El Paso, Texas.

Goodworks, Unlimited, a not-for-profit corporation.

(2) *An unincorporated association.* Unless the name of a lodge, club, labor union, veterans or religious organization, or similar organization which is not incorporated (whether or not it is chartered by or affiliated with a parent organization which is incorporated) includes the words "an unincorporated association", the registration must include descriptive words indicating the organization's unincorporated status. A security may not be registered in the name of an unincorporat-

ed association if the legal title to its property or the legal title to the funds with which the security is to be purchased is held by trustees. In such a case, the security should be registered in the name of the trustees in accordance with paragraph (c) of this section. The term "unincorporated association" should not be used to describe a trust fund, a partnership or a business conducted under a trade name.

Examples: Local Union No. 13, Brotherhood of Operating Engineers, an unincorporated association.

The Simpson Society, an unincorporated association.

(3) *Partnership.* Unless the name of a partnership includes the word "partnership," the registration must include descriptive words indicating partnership status.

Examples: Red & Blue, a partnership.

Abco and Co., a nominee partnership.

(e) *Governmental entities and officers.* A security may be registered in the name of a State, county, city, town, village, school district, or other governmental entity, body, or corporation established by law. If a governmental officer is authorized to act as a trustee or custodian, a security may be registered in the title, or name and title, of the governmental officer. The form of registration should reflect the capacity in which the governmental entity or officer is authorized to hold property (*e.g.*, it may be authorized to hold property in its own name or as trustee or custodian).

Examples: Laura Woods, Treasurer, City of Twin Falls, Mo.

State of Michigan.

Village of Gaithersburg, Md.

Pennsylvania State Highway Administration (Highway Road Repair Fund).

Insurance Commissioner of Florida, trustee for benefit of policy holders of Sunshine Insurance Co. under F.S.A. Sec. 629.104.

Commonwealth of Virginia, in trust for Virginia Surplus Property Agency.

Gleason County Cemetery Commission, trustee under Md. Code Ann. Sec. 310.29.

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§ 357.22 Transfers.

(a) *General.* A security may be transferred only as authorized by this part. A security may be transferred from an account in TREASURY DIRECT to an account in TRADES. A security may be transferred between accounts in TREASURY DIRECT, or from an account in TRADES to an account in TREASURY DIRECT, provided that prior to, or coincidental with, the transfer, an account master record has been established in accordance with the requirements of § 357.20(c).

(1) *Identification of securities to be transferred.* The owner must identify the securities to be transferred within TREASURY DIRECT, or from TREASURY DIRECT to TRADES, in the manner required by the transaction request form. If such identification is not provided, the request will not be processed and will be returned.

(2) *Denominational amounts.* A security may be transferred from an account only in a denominational amount authorized by the offering under which the security was issued. Any security remaining in the securities portfolio after the transfer must also be in an authorized denominational amount.

(3) *When transfer effective.* A transfer of a security within TREASURY DIRECT, or from TRADES to TREASURY DIRECT, is effective when an appropriate entry is made in the name of the transferee on the TREASURY DIRECT records. A transfer from TREASURY DIRECT to TRADES is effective as provided in Subpart B. If a transfer of a security from a transferor in TREASURY DIRECT to a transferee in TRADES cannot be completed, and the security is sent back to TREASURY DIRECT, the Department will redeposit the security in the transferor's account and treat the transferor as the owner.

(b) *Transfer upon death of an owner*—(1) *Right of survivorship.* If a security is registered in beneficiary form or a form which provides for a right of survivorship, upon the death of an owner, the beneficiary or survivor shall be the sole and absolute owner, notwithstanding any purported testamentary disposition by the decedent and notwithstanding any State or other law to the contrary. The Department will honor a transaction request by a beneficiary or a survivor (in the case of a security registered in the form described in § 357.21(b)(2)(i)(B)) only upon proof of death of an owner.

(2) *Succession under law of domicile.* If a security is registered in a form that does not provide for a right of survivorship, succession shall be determined in accordance with the applicable law of the deceased owner's domicile at the time of death.

(c) *Representative succession.* If a security is registered in the name of a representative who has died, resigned, or been removed, succession shall be determined in accordance with applicable law and the terms of the document under which the representative was acting.

(d) *Organizational succession*—(1) *Corporation and unincorporated association.* If a security is registered in the name of a corporation or an unincorporated association that has been dissolved, merged or consolidated into another organization, succession shall be determined in accordance with applicable law and the terms of the documents by which the dissolution, merger, or consolidation was effected.

(2) *Partnership.* If a partnership is dissolved or terminated, succession shall be determined in accordance with applicable law and the terms of the partnership agreement.

(e) *Succession of governmental officer.* If a security is registered in the name and title of a governmental officer who has died, resigned, or has been removed, succession shall be determined in accordance with applicable law.

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[51 FR 18265, May 16, 1986; 51 FR 18884, May 23, 1986]

§ 357.23 Judicial proceedings—sovereign immunity.

(a) *Department and Federal Reserve Banks not proper parties.* The Department and the Federal Reserve Banks are not proper defendants in a judicial proceeding involving competing claims to a security held in TREASURY DIRECT nor are they subject to any injunction or restraining order issued with respect to a security. The Department will not recognize a notice of a pending or contemplated judicial or administrative proceeding affecting a security in TREASURY DIRECT.

(b) *Orders*—(*1*) *Ownership rights.* The Department will recognize a final order entered by a court that affects ownership rights in a security in TREASURY DIRECT if:

(i) The order is consistent with the provisions of this subpart and the terms and conditions of the security; and

(ii) The Department has received evidence of the order, as provided in paragraph (c) of this section.

(2) *Transaction request.* The Department will honor a transaction request submitted by a person appointed by a court and having authority under an order of a court to dispose of the security or payment with respect thereto if:

(i) The ordered disposition of the security or payments with respect thereto is consistent with the provisions of this subpart and the terms and conditions of the security; and

(ii) The Department has received evidence of the appointment and order, as provided in paragraph (c) of this section.

(c) *Evidence required.* Before the Department will recognize an order or determination entered by a court, the Department must have received a certified copy of the judgment, decree, or order and any additional documents deemed necessary by the Department. A certificate from the clerk of the court, bearing the seal of the court, must also be submitted stating that the judgment, decree, or order is still in full force and has not been stayed or appealed, and that the time for filing an appeal has passed. Before the Department will honor a transaction request submitted by a person appointed by a court, the Department must receive a certified copy of the order making the appointment and describing specifically the person's authority, and any additional documents deemed necessary by the Department.

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§ 357.24 Availability and disclosure of TREASURY DIRECT records.

(a) *General.* All records with respect to a TREASURY DIRECT account are held confidential. Consistent with the Privacy Act (5 U.S.C. 552a), information relating to those accounts will be released only to the owner except:

(1) As provided in these regulations;

(2) As provided in Treasury regulations contained in 31 CFR Part 323; or

(3) As otherwise provided by law.

(b) *Inquiries by owners.* Information requested will be disclosed to an owner provided that:

(1) Sufficient information is provided to identify the owner; and

(2) Sufficient information is provided to identify the TREASURY DIRECT account.

(c) *Conditions for release.* A request for information will be honored only if, in the sole judgment of the Department or the Federal Reserve Bank to which the inquiry is made, the identity and right of the requester to the information have been established.

[51 FR 18265, May 16, 1986; 51 FR 18884, May 23, 1986]

§ 357.25 Security interests.

(a) *General.* The Department will not recognize any notice or claim of a lien, encumbrance, or security interest of any kind, including a pledge, in a security in TREASURY DIRECT except as provided in § 357.23 and in paragraph (b) of this section.

(b) *Security for the performance of duty or obligation under Federal law.* The Department will accept and hold pursuant to the provisions of 31 U.S.C. 9303, book-entry bonds, notes or bills submitted in lieu of a surety bond as security for the performance of a duty or obligation required by Federal law in accordance with said section.

§ 357.26 Payments.

(a) *General.* A payment by the Department with respect to a security shall be by direct deposit (electronic funds transfer), except when the Department determines that extraordinary circumstances exist that require payment by check.

(b) *Direct deposit*—(1) *Information on deposit account at financial institution.*

(i) To establish an account in TREASURY DIRECT, the owner must furnish the name and ABA routing/transit number of the financial institution ("institution") to which payments with respect to a security are to be made, as well as a depositor name reference, deposit account number, and type or classification of account at the institution to which such payments are to be credited. The information should be furnished on the tender form if the account is being established on original issue, or in other cases on an appropriate form provided by the Department. To assure the accuracy of the account number and account type, as well as the name and ABA routing/transit number of the institution to which payments are to be made, the owner should consult with the institution in advance of the submission of the tender or transaction form. If the investor finds that the institution to be designated to receive TREASURY DIRECT payments has not agreed to receive direct deposit payments under 31 CFR Part 210, but is willing to do so, the investor should ask the institution to contact the Federal Reserve Bank of its district for enrollment advice.

(ii) Where the TREASURY DIRECT securities account is in the name of individual(s) in their own right, and the deposit account at the financial institution is in the name of individual(s) in their own right, the two accounts must contain at least one name that is common to both.

(iii) Where the deposit account to which payments are to be directed is held in the name of the financial institution itself acting as sole trustee, or as co-trustee, or is in the name of a commercially-managed investment fund, particular inquiry should first be made of the financial institution to make certain that the direct deposit payments can be received, and alternate arrangements made if it cannot do so.

(iv) In any case where, after the establishment of the securities account, it is determined that direct deposit payments cannot be accepted by the financial institution designated, under these circumstances, and pending new direct deposit instructions, payments will be made by check drawn in the name of the owner and sent to the correspondence address of record.

(v) All payments relating to a single account master record must be made to the same designated account at a financial institution.

(vi) The deposit account to which payments are directed should preferably be established in a form identical to the registration of the securities account, particularly where the securities are registered jointly or with right of survivorship, to assure that the rights of ownership and of survivorship can be more easily identified and preserved. Neither the United States nor any Federal Reserve Bank shall be liable for any loss sustained because the interests of the holder(s) of a deposit account to which payments are made are not the same as the interests of the owner(s) of the security.

(vii) The designation of a financial institution by an owner to receive payments with respect to a security constitutes the appointment of that institution as the owner's agent for receipt of such payments. The crediting of a payment to the institution for deposit to an account in accordance with the instructions of the owner discharges the United States of any further responsibility for such payment. Where the institution has arranged with a Federal Reserve Bank to have payments credited through a designee institution, the crediting of a payment to that designee institution discharges the United States of any further responsibility for the amount of such payment.

(viii) Upon the request of a financial institution receiving direct deposit payments with respect to a security, the Department will change a deposit account number and/or type or classification of such account without requiring the submission of a transaction request from the owner of the security. The request must be made in accordance with implementing instructions issued by the Department. Such a request by a financial institution, however, will be deemed an agreement by the institution to indemnify the Department and the owner for any loss resulting from the requested change.

(2) *Agreement of financial institution.* Any financial institution which has agreed to accept credit payments under 31 CFR Part 210, or hereafter agrees to do so, shall be deemed to agree to accept payments under this subpart. In any case, a financial institution's acceptance and handling of a payment made with respect to a security covered by this subpart shall constitute its agreement to the provisions of this subpart. An institution may not be designated to receive payments, as provided in this subpart, unless it has agreed, or hereafter agrees, to receive direct deposit payments under 31 CFR Part 210.

(3) *Pre-notification*—(i) *General.* The institution designated for payment will receive shortly after a securities account has been established, but not less than fifteen (15) days prior to the first payment, a pre-notification message advising that an account maintained by such institution has been designated for direct deposit payment(s). A pre-notification message will also be sent whenever there is a change in the payment instructions. The pre-notification message shall contain the information prescribed in paragraph (b)(1)(i) of this section.

(ii) *Response to pre-notification.* The institution must respond to the pre-notification message within eight (8) calendar days after the date of receipt if the information as to the deposit account number and/or the type of account contained in the message does not agree with the records of the institution, or if the institution for any other reason has questions about the forthcoming payment, including its ability to credit the payment in accordance with this subpart. Upon receipt of a response to the pre-notification message, the Department, as appropriate, will correct the payment instructions and send another pre-notification message, or contact the owner for further instructions. Where the circumstances indicate that there is insufficient time to effect the change, payment will be made by check. See paragraph (c) of this section.

(iii) *Effect of failure to reject.* If an institution does not reject or otherwise respond to a pre-notification message within the specified time period, the institution shall be deemed to have accepted the pre-notification and to have warranted to the Department that the information as to the deposit account number and/or the type of account contained in the message is accurate as of the time of such pre-notification.

(4) *Continuation of payment instructions.* Payment instructions for an account master record will apply to any and all securities held in that account until the Department:

(i) Receives a request from the owner to change such instructions; or

(ii) Receive a request from a financial institution to change such instructions in accordance with paragraph (b)(1)(vii) of this section; or

(iii) Receive advice from the financial institution holding the deposit account to which payment is being made that it has been closed; or

(iv) Receives notice of a change in status of a designated account or of the owner, as provided in paragraph (f) of this section.

(5) *Responsibility of financial institution.* An institution which receives a payment on behalf of its customer must:

(i) Upon receipt, credit the designated account and make the payment available for withdrawal or other use on the payment date. If a scheduled payment date is not a business day for the Federal Reserve Bank of the district in which the institution is located, payment will be made on the next-succeeding business day. If the institution is unable to credit the designated account, it shall return the payment by no later than the next business day after the date of receipt, with an electronic message or other response, explaining the reason for the return.

(ii) Promptly notify the Department when the designated account has been closed, or when it is on notice of the death or legal incapacity (as determined under applicable state law) of any individual named on such account, or when it is on notice of the dissolution of a corporation in whose name the deposit account is held. In all such cases, the institution, following receipt of notice by its organizational component responsible for direct deposit transactions, shall return to TREASURY DIRECT all payments received for the designated account

(6) *Payments in error/duplicate payments.* If the Department or a Federal Reserve Bank has made a payment in error, the Department or Federal Reserve Bank will make a corrected payment, as appropriate, to the person(s) or entity entitled thereto under this subpart. It will then promptly initiate action to recover the payment in error, and do so likewise on any duplicate payment that occurs, as follows:

(i) Send a written or electronic notice to the financial institution to which the payment was directed, which notice shall include the deposit account name reference, number, and the date and amount of the error in payment or duplicate payment that was not returned. See paragraphs (b)(3)(ii) and (b)(5)(ii) of this section. Upon receipt of this notice, the financial institution shall immediately return to the appropriate Federal Reserve Bank an amount equal to the payment in error or duplicate payment, where available. If the institution is unable to return payment for whatever reason, the institution shall immediately notify the Department or the Federal Reserve Bank, and provide such information as it has about the matter. The Department reserves the right to request the return of a partial amount of a payment in error or a duplicate payment.

(ii) Where the payment in error or a duplicate payment has not been returned, the Department or Federal Reserve Bank shall undertake such other actions as may be appropriate under the circumstances. To the extent permitted by law, the collection action may include deducting the amount owing from future payments made to the deposit account to which the payment in error or duplicate payment was made.

(iii) If a financial institution has failed to respond in any way to the notice made pursuant to paragraph (b)(6)(i) of this section within sixty

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(60) calendar days of that notice, it will be deemed, by virtue of its acceptance of the direct deposit payment hereunder, to have authorized the Federal Reserve Bank to debit the amount of the payment in error or duplicate payment from the account maintained or utilized by the financial institution at the Federal Reserve Bank to which the payment in error or duplicate payment was credited. An institution designated by a financial institution to receive payment on its behalf, in authorizing such financial institution to utilize its account on the books of the Federal Reserve Bank, shall similarly be deemed to authorize such debit from that account. The institution to which payment has been directed and the owner of the TREASURY DIRECT account who designated the deposit account to which the payment has been deposited, shall be deemed to have agreed to provide information and assistance to effect recovery of a payment in error or duplicate payment under this subsection. The owner is further deemed to agree to any action permitted by law to effect collection of a payment in error or a duplicate payment.

(c) *Checks.* If a payment is not made by direct deposit, it shall be made by a check, drawn by a Federal Reserve Bank as fiscal agent of the United States, on the Federal Reserve Bank in its banking capacity ("fiscal agency check"), or drawn by the Department on itself ("Treasury check"). A fiscal agency check is governed by the regulations in 31 CFR Part 355. A Treasury check is governed by the regulations and statutes applicable to checks drawn on the United States or designated depositories of the United States (*i.e.*, 31 CFR Parts 235, 240, and 245). A check issued with respect to a security shall be made payable in the names of the owner(s) of the TREASURY DIRECT account and will be mailed to the correspondence address shown in the TREASURY DIRECT account.

(d) *Handling of payments by Federal Reserve Banks.* Each Federal Reserve Bank, as fiscal agent of the United States, shall receive payment in accordance with the information described in paragraph (b)(1)(i) of this section, and make payment to the designated institution by crediting it to the account of the designated institution or of its designee, in accordance with the Federal Reserve Bank's operating circular governing such payments.

(e) *Timeliness of action.* If, because of circumstances beyond its control, the Department, a Federal Reserve Bank, or a financial institution is delayed beyond applicable time limits in taking any action with respect to a payment, the time for taking such action shall be extended as necessary until the cause of the delay ceases to operate.

(f) *Suspension of payments.* Upon receipt of notice that a designated deposit account has been closed, that an individual named on such account is dead or has been declared legally incompetent, or where a corporation is the owner, and it has been dissolved, the Department reserves the right to suspend payments and any transactions with respect to a security pending receipt of satisfactory evidence of entitlement. Payments will also be suspended in any case where the Department receives notice that an individual owner named on a securities account in TREASURY DIRECT is dead or has been declared legally incompetent, or in any case where the Department receives notice of a change in the name or status of an organization or representative named on a securities account in TREASURY DIRECT.

(Approved by the Office of Management and Budget under control number 1535-0068)

§ 357.27 Reinvestment.

(a) *General.* Upon the request of an owner, the redemption proceeds of a security may be reinvested at maturity in a new security in the same form of registration, provided a new security is then being offered by the Department and provision for reinvestment is made in the offering. The new security must be in an authorized denominational amount and will be issued in accordance with the terms of the offering. If the new security is issued at a premium or with accrued interest, an additional payment will be required from the investor. If the new security is issued at a discount, the difference will be remitted to the owner.

(b) *Treasury bills.* A request by an owner for a single or successive reinvestment of a Treasury bill must be made in accordance with the terms prescribed on the tender form submitted at the time of purchase of the original bill, or by a subsequent transaction request received not less than twenty (20) calendar days prior to the maturity of the original bill. A request to revoke a direction to reinvest the proceeds of a bill must be received by the Department not less than twenty (20) calendar days prior to the maturity date of the bill. If either a request for reinvestment or revocation of a reinvestment request is received less than twenty (20) calendar days prior to maturity of the original bill, the Department may in its discretion act on such request if sufficient time remains for processing.

(c) *Issue date not coincidental with maturity date.* If the date on which a security matures or is called does not coincide with the issue date of the security being purchased through reinvestment, the Department may, at its option, hold the redemption proceeds in the same form of registration as the maturing or called security, but no interest shall accrue or be paid on such funds.

(Approved by the Office of Management and Budget under control number 1535-0068)

§ 357.28 Transaction requests.

(a) *General.* Unless otherwise authorized by the Department, a transaction request must be submitted on a transaction request form. In the case of certain transactions specified by the Department, the owner's signature on the form must be certified or guaranteed, as provided in § 357.31. If the transaction request form is received more than six (6) months after its execution, it will not be honored by the Department and will be returned to the sender for further instructions.

(b) *Individuals*—(1) *General.* A transaction request must be signed by the owner of the security. In addition to any required certification, a transaction request form executed by a person by mark, *e.g.*, "(X)", must be witnessed by a disinterested person. The following language should be added to the form and be signed by the witness:

Witness to signature by mark

Signature of witness

Address of witness

(2) *Change of name.* If an individual's name has been changed from that appearing in the registration, the individual should sign both names to the transaction request form and state the manner in which the change occurred.

Example: Deborah L. Gains, changed by order of court from Deborah G. O'Brien.

The individual must provide evidence, such as a certified copy of a court order, which confirms the change, unless it is indicated that the change of name resulted from marriage.

Example: Catherine M. Cole, changed by marriage from Catherine T. Murray.

(3) *Natural guardians.* A transaction request involving a security registered in the name of a natural guardian of a minor may be executed by the natural guardian. If a security is registered in the names of both parents as natural guardians of a minor, both must execute a transaction request. However, the Department will not honor a transaction request by the natural guardian(s):

(i) Which would transfer the security to a natural guardian in his or her own right; or

(ii) After the Department receives notice of the minor's attainment of majority, the qualification of a legal guardian or similar representative, or the death of the minor.

(4) *Voluntary guardians.* A transaction request involving a security belonging to an owner who has become incompetent may be executed by a voluntary guardian, but only after approval by the Department of the voluntary guardian's application for such designation. However, the Department

will not honor a transaction request by the voluntary guardian:

(i) Which would transfer the security to a voluntary guardian in his or her own right; or

(ii) After the Department receives notice of the ward's restoration to competency, the qualification of a legal guardian or similar representative, or the death of the ward. See § 357.21(b)(4).

(c) *Representatives*—(1) *General.* A representative of an owner's estate, other than a trustee, may execute a transaction request form if the representative submits to the Department properly authenticated evidence of the authority to act. The evidence will not be accepted if dated more than six (6) months prior to the date of execution of the transaction request.

(2) *Estates closed.* If a security is registered in the name of an owner who is deceased and whose estate has been closed and the representative discharged, a transaction request must be made by the person(s) entitled to the security, as determined from the pertinent court records or the deceased owner's will, if any.

(3) *Estates not administered*—(i) *Special provisions under State laws.* If, under applicable State law, a person is entitled to or has been recognized or appointed to administer the estate of a deceased owner without court-supervised administration, that person may execute a transaction request involving a security belonging to the deceased owner, provided appropriate evidence of authority is submitted to the Department.

(ii) *Agreement of persons entitled.* If a representative of a deceased owner's estate has not been or is not to be appointed, the Department will honor an application for disposition of any securities belonging to the deceased owner pursuant to a written agreement provided that the Department is satisfied that:

(A) All persons entitled to share in the decedent's personal estate are parties to the agreement;

(B) Provision has been made for payment of all the decedent's debts; and

(C) The interests of any minors or incompetents have been protected.

(d) *Private organizations*—(1) *Corporations and unincorporated associations.* A transaction request involving a security registered in the name of a corporation or an unincorporated association (either in its own right or in a representative capacity), may be executed by an authorized person on its behalf. The request must be supported by evidence of the person's authority to act.

(2) *Partnerships.* A transaction request involving a security registered in the name of a partnership must be executed by a general partner.

(e) *Government entities.* A transaction request involving a security registered in the name of a State, county, city, school district, or other governmental entity, public body or corporation, must be executed by a authorized officer of the entity. The request must be supported by evidence of the officer's authority to act.

(f) *Public officers.* A transaction request involving a security registered in the title of a public officer must be executed by the officer. The request must be supported by evidence of incumbency.

(g) *Attorneys-in-fact.* A transaction request made by an attorney-in-fact must be accompanied by the original power of attorney or a properly authenticated copy. A power of attorney must be executed in the presence of a notary public or a certifying individual. See § 357.31. The power of attorney will not be accepted if it was executed more than two (2) years before the date the transaction request was executed, unless the power provides that the authority of the attorney-in-fact continues notwithstanding the incapacity of the principal. If two or more attorneys-in-fact are named, all must execute the transaction request unless the power authorizes fewer than all to act. A transaction request executed by an attorney-in-fact seeking transfer of a security to the attorney-in-fact will not be accepted unless expressly authorized by the document appointing the attorney-in-fact.

(Approved by the Office of Management and Budget under control number 1535-0068)

[51 FR 18265, May 16, 1986; 51 FR 18884, May 23, 1986]

§ 357.29 Time required for processing transaction request.

For purposes of a transaction request affecting payment instructions with respect to a security, a proper request must be received not less than twenty (20) calendar days preceding the next payment date. If the twentieth day preceding a payment date falls on a Saturday, Sunday, or a Federal holiday, the last day set for the receipt of a transaction request will be the last business day preceding that date. If a transaction request is received less than twenty (20) calendar days preceding a payment date, the Department may in its discretion act on such request if sufficient time remains for processing. If a transaction request is received too late for completion of the requested transaction, the transaction request will be acted upon with respect to future payments only.

(Approved by the Office of Management and Budget under control number 1535-0068)

§ 357.30 Cases of delay or suspension of payment.

If evidence required by the Department in support of a transaction request is not received by the Department at least twenty (20) calendar days before the maturity date of the security, or if payment at maturity has been suspended pursuant to § 357.26(f), then, except as provided in § 357.27, in cases of reinvestment, the Department will redeem the security and hold the redemption proceeds in the same form of registration as the security redeemed, pending further disposition. No other interest shall accrue or be paid on such proceeds after the security is redeemed.

§ 357.31 Certifying individuals.

(a) *General.* The following individuals may certify signatures on transaction request forms:

(1) Officers and employees of depository institutions and officers of corporate central credit unions who have been authorized:

(i) Generally to bind their respective institutions by their acts;

(ii) Unqualifiedly to guarantee signatures to assignments of securities; or

(iii) To certify assignments of securities.

(2) Officers and authorized employees of Federal Reserve Banks.

(3) Officers of Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives, the Central Bank for Cooperatives, and Federal Home Loan Banks.

(4) Commissioned officers and warrant officers of the Armed Forces of the United States but only with respect to signatures on forms executed by Armed Forces personnel, civilian-field employees, and members of their families.

(5) Such other persons as the Commissioner of the Public Debt or his designee may authorize.

(b) *Foreign countries.* The following individuals are authorized to certify signatures on transaction request forms executed in a foreign country:

(1) United States diplomatic or consular officials.

(2) Managers and officers of foreign branches of depository institutions.

(3) Notaries public and other officers authorized to administer oaths, provided their official position and authority are certified by a United States diplomatic or consular official under seal of the office.

(c) *Duties and liabilities of certifying officers*—(1) *General.* Except as specified in paragraph (c)(2) of this section, a certifying individual shall require that the transaction request form be signed in the certifying individual's presence after he or she has established the identity of the person seeking the certification. An employee who is not an officer should insert the words "Authorized signature" in the space provided for the title. A certifying individual and the organization of which the certifying individual is an officer or employee are jointly liable for any loss the United States may incur as a result of the individual's negligence.

(2) *Signature guaranteed.* The transaction request form need not be executed in the presence of a certifying individual if he or she unqualifiedly guarantees the signature, in which case the certifying individual shall,

after the signature, endorse in the following form: "Signature guaranteed, First National Bank of Smithville, Smithville, NH, by A.B. Doe, President", and add the date. In guaranteeing a signature, the certifying individual and the organization of which the certifying officer is an officer or employee warrant to the Department that the signature is genuine and that the signer had legal capacity to execute the transaction request.

(3) *Absence of signature guaranteed by depository institution.* A transaction request form need not be actually signed by the owner in any case where a certifying individual associated with a depository institution has placed an endorsement on the form reading substantially as follows: "Absence of signature by owner and validity of transaction guaranteed, Second State Bank of Jonesville, Jonesville, NC, by B.R. Butler, Vice President". The endorsement should be dated, and the seal of the depository institution should be added. This form of endorsement is an unconditional guarantee to the Department that the depository institution is acting for the owner under proper authorization.

(d) *Evidence of certifying individual's authority.* The authority of a certifying individual to act is evidenced by affixing to the certification the following:

(1) *Officers and employees of depository institutions.* The institution's seal, signature guarantee stamp, or, if the institution is an authorized paying or issuing agent for U.S. Savings Bonds, a legible imprint of the paying agent or the issuing agent's stamp.

(2) *Officers and authorized employees of Federal Reserve Banks.* Whatever is prescribed in procedures established by the Department.

(3) *Officers and employees of corporate central credit unions and other entities listed in paragraph (a)(3) of this section.* The entity's seal.

(4) *Notaries public, diplomatic or consular officials.* The official seal or stamp of the office. If the certifying individual has no seal or stamp, then the official's position must be certified by some other authorized individual, under seal or stamp, or otherwise proved to the satisfaction of the Department.

(5) *Commissioned or warrant officers of the United States Armed Forces.* A Statement which sets out the officer's rank and the fact that the person executing the transaction request is one whose signature the officer is authorized to certify under these regulations.

(e) *Interested persons not to act as certifying individual.* Neither the transferor, the transferee, nor any person having an interest in a security involved in the transaction may act as a certifying individual. However, an authorized officer or employee of a depository institution may act as a certifying individual on a transaction request for transfer of a security to the institution, or any request executed by another individual on behalf of the institution.

[51 FR 18265, May 16, 1986; 51 FR 18884, May 23, 1986]

§ 357.32 Submission of transaction requests; further information.

Transaction requests and requests for forms and information may be submitted to any Federal Reserve Bank or to the Bureau of the Public Debt, TREASURY DIRECT, Washington, DC 20239-0001. A list of the addresses of Federal Reserve Banks will be available upon request to the Bureau. The Federal Reserve Banks, as fiscal agents of the United States, are authorized to perform such functions as may be delegated to them by the Department in order to carry out the provisions of this part.

Subpart D—Additional Provisions

§ 357.40 Additional requirements.

In any case or any class of cases arising under these regulations, the Secretary of the Treasury ("Secretary") may require such additional evidence and a bond of indemnity, with or without surety, as may in the judgment of the Secretary be necessary for the protection of the interests of the United States.

§ 357.41 Waiver of regulations.

The Secretary reserves the right, in the Secretary's discretion, to waive any provision(s) of these regulations in any case or class of cases for the convenience of the United States or in order to relieve any person(s) of unnecessary hardship, if such action is not inconsistent with law, does not impair any existing rights, and the Secretary is satisfied that such action will not subject the United States to any substantial expense or liability.

§ 357.42 Liability of Department and Federal Reserve Banks. [Reserved]

§ 357.43 Liability for transfers to and from TREASURY DIRECT.

A depository institution or other entity that transfers to, or receives, a security from TREASURY DIRECT is deemed to be acting as agent for its customer and agrees thereby to indemnify the United States and the Federal Reserve Banks for any claim, liability, or loss resulting from the transaction.

§ 357.44 Notice of attachment for securities in TRADES. [Reserved]

§ 357.45 Supplements, amendments, or revisions.

The Secretary may, at any time, prescribe additional supplemental, amendatory or revised regulations with respect to securities, including charges and fees for the maintenance and servicing of securities in book-entry form.

APPENDIX A—DISCUSSION OF FINAL RULE

BACKGOUND

Twenty-four written comments were received to the notice of proposed rulemaking from various sources, including Federal agencies, trade associations, as well as financial and commercial investment institutions. With the exception of one bank, all commentators endorsed the concept of a certificateless security.

The grouping and identification of the comments received have been made on a section-by-section basis, with an explanation of the action taken with respect thereto. As circumstances necessitated the publication of the rule in two segments, in order to make each part more understandable, certain definitions, such as those for "Department" and "securities", have appeared in the proposed rule for both TREASURY DIRECT and TRADES, and were slightly modified in the proposed rules on TRADES. Because these modifications represent non-substantive clarifications, and to avoid confusion as between the two portions of the rules, the definitions as used in TRADES have been adopted.

SECTION-BY-SECTION ANALYSIS

Section 357.21 Registration.

The forms of registrations provided for securities to be held in TREASURY DIRECT have different legal effect from those currently provided for in the case of definitive Treasury securities and for the Treasury's book-entry Treasury bill system. A comment was received that, as a result, this could lead to some confusion, and that the Treasury bill forms of recordation currently offered should be changed, particularly since Treasury bills will be phased into TREASURY DIRECT gradually. The Bureau believes that the benefits of uniformity of rights and interests that TREASURY DIRECT investors will derive far outweigh any possible confusion. As for confusion with the current Treasury bill book-entry system, given the fact that Treasury bills have a term of not more than a year, it is believed that the problem, if any, will be short-lived.

Given the importance of the change that TREASURY DIRECT provides as to registration, the discussion thereof that accompanied the Notice of Proposed Rulemaking is re-published below.

"*Forms of Registration.* The proposed rule provides the investor with a variety of registration options. They are essentially similar to those provided for registered, definitive marketable Treasury securities. Investors should be particularly aware that, where the security is held in the names of two individuals, the registra-

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tion chosen may establish rights of survivorship.

"The reason for establishing the rights of ownership for securities held in TREASURY DIRECT is that it will give investors the assurance that the forms of registration they select will establish conclusively the rights to their book-entry securities. It will also serve to eliminate some of the uncertainties, as well as possible conflicts, between the varying laws of the several States.

"A Federal rule of ownership is being adopted by the Treasury for TREASURY DIRECT securities. This regulatory approach is consistent with the one previously taken in the case of United States Savings Bonds. It will have the effect of overriding inconsistent State laws. See, *Free v. Bland*, 369 U.S. 663 (1962).

"In the case of individuals (who are likely to be by far the majority of holders of securities in TREASURY DIRECT), the options offered will permit virtually all the preferred forms of ownership. At the investor's option, it will be possible to provide for the disposition of the securities upon death through rights of survivorship.

"*Coownership registration.* One option is the coownership form of registration, i.e., "A or B." Unlike the current Treasury bill book-entry system being administered by the Bureau of the Public Debt, a security held in TREASURY DIRECT registered in this form will be transferable upon the written request of *either* coowner. Other changes in the account may also be made upon the request of *either* party. While this form of registration will facilitate the receipt of payments and provide ease in conducting transactions, care should obviously be exercised in designating a coowner.

"*Joint ownership.* For those who would prefer to have the transferability of a security held in two names contingent upon the request of both, the joint form of registration will be appropriate. This form of registration, i.e., "A and B, with [without] the right of survivorship," will require the agreement of both parties to conduct any authorized transaction.

"*Beneficiary form.* The beneficiary form, i.e., "A payable on death to (POD) B," will permit the owner to have sole control of the account during his/her lifetime, but in the event of death, the account will pass by right of survivorship to the beneficiary."

One commentator questioned the "natural guardian" and "voluntary guardian" forms of registration provided in the regulations, pointing out that financial institutions are reluctant to establish an account in the name of a natural guardian of a minor because of the uncertainties as to who might be entitled to the funds on the death of the natural guardian or minor or when the minor reached majority. It was mentioned that a bank would be reluctant to open an account in the name of a voluntary guardian, or to release funds from an existing account to a voluntary guardian because of the potential risk in the event of a claim from a court-appointed guardian. It seems apparent that the comment was prompted by the provision that appeared in the proposed rule that the account held in TREASURY DIRECT and the deposit account to which payments are to be directed should be in the same form. As hereafter pointed out in the discussion under the payment section, this is not a requirement.

While parents are universally recognized as the natural guardians of the person of minors, they have generally not been recognized as entitled to control the estates of these minors, except perhaps in the case of small amounts. Traditionally, the guardian of the estate of a minor involves judicial appointment and supervision. In order to provide a means of dealing with the problem of disposing of securities inadvertently registered in the name of minors without requiring the appointment of a legal guardian and to provide a means for investing funds of a minor, which did not technically qualify for investment under the Uniform Gifts to Minors Act, the Department decided to provide recognition for natural guardians.

The voluntary guardianship procedure is wholly a creature of the Department's regulations. It was established in recognition of the burden placed on an incompetent's estate and his/her family by requiring the appointment of a legal guardian to receive the interest on, or to redeem securities for, the account of an individual who has become incompetent, at least where the incompetent's estate is relatively modest. This form of registration is not available on original issue and is limited to an aggregate of $20,000 (par amount) of TREASURY DIRECT securities. The $20,000 limit in connection with the use of the voluntary guardianship procedure is in keeping with the limits used in connection with the summary administration of decedents' estates under the laws of many States.

Section 357.23 Judicial proceedings.

No comments were received regarding the provisions on judicial proceedings. Given their importance, the discussion that accompanied the publication thereof in proposed form is included here.

"*Judicial proceedings.* Under the principle of sovereign immunity, neither the Department nor a Federal Reserve Bank, acting as fiscal agent of the United States, will recognize a court order that attempts to restrain or enjoin the Department or a Federal Reserve Bank from making payment on a security or from disposing of a security in accordance with instructions of the owner as shown on the Department's records.

"The Department will recognize a final court order affecting ownership rights in TREASURY DIRECT securities provided that the order is consistent with the provisions of Subpart C and the terms and conditions of the security, and the appropriate evidence, as described in § 357.23(c), is supplied to the Department. For example, the Department may recognize final orders arising from divorce or dissolution of marriage, creditor or probate proceedings, or cases involving application of a State slayer's act. The Department will also recognize a transaction request submitted by a person appointed by a court and having authority under an order of a court to dispose of the security or payment with respect thereto, provided conditions similar to those above are met."

Section 357.25 Security interests.

TREASURY DIRECT is not designed to reflect or handle the various types of security interests that may arise in connection with a Treasury bond, note or bill. However, the Treasury has from time to time and to a limited extent held in safekeeping, for such agencies as the Customs Service and Immigration and Naturalization Service, Treasury securities submitted in lieu of surety bonds in accordance with 31 U.S.C. 9303. While the Federal Reserve Banks handle the majority of such pledges and will continue to do so, as this statute requires the Treasury to accept these Government obligations so pledged, a provision has been added for accepting and holding book-entry securities submitted for such purposes.

Section 357.26 Payments.

(a) *General.* Most comments focused on the provisions on payments. A key feature of TREASURY DIRECT will be the making of payments by the direct deposit method (also known as the electronic funds transfer or ACH method). Checks will be issued only under extraordinary circumstances. A number of comments endorsed the concept of payment by direct deposit as an improvement given the difficulties associated with checks.

One comment expressed concern as to who would have the burden of resolving errors in cases where a receiving financial institution fails to properly credit a payment. The Department has concluded that while the direct deposit payment method is not without risks, it is far superior to the use of checks, in terms of the risks, potential losses, and costs. In a case where a receiving institution fails to act in accordance with the instructions given it, the Bureau intends to use its best efforts to assist investors in rectifying the error.

(b) *Direct deposit.* A number of comments expressed the view that the TREASURY DIRECT payment system should adopt either the rules governing the direct deposit of Government payments (31 CFR Part 210), or the rules of the National Automated Clearing House Association ("NACHA Rules"), but not separate rules. The final rules have adopted some of the existing practices applicable to commercial ACH payments, but it is not possible for the Department of the Treasury to conform to all of these rules. For example, the Treasury has no authority to indemnify recipients of direct deposit payments, although such indemnification by a sender is contemplated in the NACHA rules and was advocated in several comments. It should also be noted that the rules applicable to TREASURY DIRECT payments are modeled, to some extent, on the rules for Government direct deposit payments in order to take advantage of the large number of entities that are a part of the Government direct deposit network. See the discussion under paragraph (b)(2). Where there are unique rules applicable to TREASURY DIRECT, however, they are explained here.

Given the variance between the procedures set out in the proposed rules and existing practice, and the increased burdens resulting therefrom, several clearing house associations and financial institutions requested that the implementation of TREASURY DIRECT be delayed from July 1986 to July 1987. The Treasury is satisfied that the added burdens that would have been imposed on financial institutions to receive TREASURY DIRECT payments under the proposed rules have been effectively eliminated in the final rule. Thus, Treasury plans to implement the system on or about the original target date. The final rules are being published, however, in advance of actual implementation so as to give financial institutions an opportunity to make whatever remaining, minor procedural changes as may be necessary.

(b)(1) *Information on deposit account at financial institution.* The proposed regulations provided that the owner of a security in TREASURY DIRECT, or in the case of ownership by two individuals, the first-named owner, must be an owner of, and so designated, on the account at the receiving financial institution. The regulations also provided that in any case in which a security is held jointly or with right of survivorship, the account at the financial institution should be established in a form that assures that the rights of each joint owner or survivor will be preserved.

The rule requiring the naming of the first-named owner on the receiving financial institution account was based on tax reporting considerations. It has now been determined that the first-named security owner need not be named on the receiving deposit account.

The rule relating to establishment of the receiving account in joint ownership cases in the same form as the registration of the security was intended to be a notice to investors of a potential problem, rather than a requirement. In cases where an investor intends a beneficiary, joint owner or co-owner to receive securities after the investor's death, this intention may be defeated if the recipient is not also named on the receiving deposit account. It is up to the investor to examine his or her particular circumstances and determine whether the form in which the deposit account will be held is satisfactory. This matter has been clarified in paragraph (b)(1)(v) of the final rule. Except for the restriction described in paragraph (b)(1)(ii) (see below), the Treasury does not intend to establish any limitations on how the receiving deposit account is held.

Several comments addressed the issue of the registration of the security versus the title of the deposit account. Two comments pointed out that if the deposit account must be in the same form as the registration of the security, then existing traditional forms of ownership for bank accounts which do not include all the forms of registration for securities held in TREASURY DIRECT, would not suffice. Concerns were also expressed that with multiple forms of ownership, financial institutions could become involved in disputes with investors. As noted above, there is no requirement that the TREASURY DIRECT account and the deposit account be identical. The responsibility to choose the title of the deposit account rests with the investor.

Another comment objected to the rule that the first-named security owner be named on the receiving deposit account because the rule would eliminate the possibility of payment to an account at a financial institution in the name of a mutual fund, security dealer, or insurance company. Although the change in the tax reporting rule described above permits payment to such accounts, as well as to trust accounts, since it appears that there is a question as to the capability of some receiving institutions to handle such payments, investors are strongly urged to consult their financial institution before requesting such payment arrangements. See paragraph (b)(1)(iii).

It should be emphasized that any payments that must be made by check will be made in the form in which the TREASURY DIRECT account is held, which may be different than the form of the deposit account. Investors should be aware that this may result in checks being issued, and thus payment being made, in a form different than they intended the direct deposit payments to be made. For example, if Investor A purchases a security in his or her name alone with instructions that payments be directed to a financial institution for the account of a money market fund, any checks that must be issued will be drawn in the name of Investor A. This could happen if Investor A furnishes erroneous payment instructions and the problem cannot be resolved before a payment date, in which case a check would be issued.

The one restriction on the form of the deposit account that appears in paragraph (b)(1)(ii) of the final regulations is a rule that where the TREASURY DIRECT account is in the name of individual(s), and the receiving deposit account is also in the name of individual(s), one of the individuals on the TREASURY DIRECT account must be named on the deposit account. This rule is intended to provide a means to determine the disposition of the payment, if necessary. The Treasury does not expect financial institutions to monitor this rule.

Provision has been made in paragraph (b)(1)(vii) to permit financial institutions to request "mass changes" of deposit account numbers without the submission of individual requests from investors to TREASURY DIRECT. This procedure is intended for use where an institution changes all or an entire group of its account numbers, typically as a result of an organizational change. TREASURY DIRECT will honor requests from a financial institution to change deposit account numbers under such circumstances, with the understanding that the institution agrees to indemnify the Treasury and the security owners for any losses resulting from errors made by the institution. If the institutions does not wish to use the "mass change" procedure, then the change in account number must be requested by the investor, using the authorized transaction request form. See § 357.28.

Some institutions voiced concern in general about investor errors in furnishing the TREASURY DIRECT a deposit account number and the financial institution's routing number. Although the Treasury plans to provide as much assistance to investors as possible, the investor must bear the responsibility for securing accurate payment information. Investors are urged to consult with their receiving institution to verify the accuracy of the payment information, since neither the Treasury nor the receiving financial institution would be responsible for payment errors resulting from erroneous information provided by investors.

The proposed rule provided in § 357.26(b)(1)(iii) that the designation of a financial institution by a security owner to receive payments from TREASURY DIRECT would constitute the appointment of the financial institution as agent for the owner for the receipt of payments. The crediting of a payment to the financial institution for deposit to the owner's account, in accordance with the owner's instructions, would discharge the United States of any further responsibility for the payment. One comment noted that, in contrast, the rule in 31 CFR 210.13 for Federal recurring payments is that the United States is not acquitted until the payment is credited to the account of the recipient on the books of a financial institution.

Although, in principle, the same rules should apply to all Government payments, the proposed TREASURY DIRECT rule has been retained in the final regulations on the basis of the major differences in the procedures to be used in TREASURY DIRECT. Most significantly, the Treasury will not be securing any written verification (*i.e.*, an enrollment form) from a financial institution as to the accuracy of the deposit account number and other payment information, as is now the practice in the case of payments under 31 CFR Part 210. Under these circumstances, the Treasury cannot, in effect, guarantee that a payment will be credited by a financial institution to the correct account. It should also be noted that this rule on acquittance of the United States is consistent with the provision in § 357.10(c) of the proposed regulations on TRADES. In practice, however, the Treasury plans to participate actively in seeking to locate and recover any payments that have been misdirected.

(b)(2) *Agreement of financial institution.* The proposed rule provided, in § 357.26(b)(2), that a financial institution which has agreed to accept payments under 31 CFR Part 210 shall be deemed to have agreed to accept payments from TREASURY DIRECT. The rule further provided that an institution could not be designated to receive TREASURY DIRECT payments unless it had agreed to accept direct deposit payments under 31 CFR Part 210.

One financial institution commented that a receiving institution that has already agreed to accept Part 210 payments should have the choice as to whether to accept payments from TREASURY DIRECT. The basis for this comment was the perception that the receipt of TREASURY DIRECT payments would require the implementation of special procedures by the financial institution and expose it to additional risks. As explained earlier, the Treasury has significantly modified the procedures and reduced the requirements imposed upon a financial institution in order to receive TREASURY DIRECT payments, and decreased as well the risks an institution will incur in the receipt of such payments. Thus, the proposed rule on eligibility of receiving institutions has been retained in the final rule in essentially the same form.

Two other comments were made to the effect that the category of institutions receiving payments should be broadened. In deciding to authorize payments to all institutions receiving Part 210 payments, the Treasury considered the fact that many more institutions are designated endpoints for Government (direct deposit) payments than for commercial ACH payments. In order to afford investors the widest choice of recipient institutions, all institutions that had agreed to accept Part 210 payments were designated as authorized recipients. Treasury has now broadened the rule further to also authorize those financial institutions that are willing to agree to accept Part 210 payments in the future. This rule will permit investors to designate institutions that are not now receiving Government direct deposit payments as the recipients of their TREASURY DIRECT payments if the institutions make appropriate arrangements with the Federal Reserve Bank of their District.

(b)(3) *Pre-notification.* A significant feature of the TREASURY DIRECT payment procedure will be the use of a pre-notification message sent to the receiving financial institution in advance of the first payment. This procedure, already in use for commercial ACH payments, alerts the institution that a payment will be made and provides an opportunity for verification of the accuracy of the account information.

The proposed regulations provided that the financial institution would be required to reject the pre-notification message within four calendar days after the date of receipt if the information contained in the message did not agree with the records of the institution or if for any other reason the institution would not be able to credit the payment. The rules also stated that a failure to reject the message within the specified time period would be deemed an acceptance of the pre-notification and a warranty that the information in the message was accurate.

Because there was some confusion over when the pre-notification message woud be sent, the final rules clarify, in paragraph (b)(3)(i), that in most cases, this will occur shortly after establishment of a TREASURY DIRECT account. The Treasury has under consideration a system change that would permit a second pre-notification to be sent closer to the time of the payment if the first payment is to occur a substantial length of time after account establishment.

One of the items of information contained in a pre-notification message is the name the investor has indicated appears on the deposit account. Comments were received that existing procedures and software do not permit automatic verification of the account name. Although there is apparently some variation in practice, and some institutions undertake to verify the account name information manually, the Treasury has decided to drop the account name verification requirement in the final rules. This means that under paragraph (b)(3)(ii), a financial institution need only verify the account number and type designations on the pre-notification message. However, the Treasury urges institutions which are able to verify account names to do so and encourages the development of software that would have this capability.

A number of comments urged that the four-day period provided for an institution to reject a pre-notification message be lengthened. After consideration of the various alternatives proposed, the Treasury has concluded that an eight-day period will meet the needs of most institutions. See paragraph (b)(3)(ii) of the final rule. In responding to a pre-notification message, an institution may use the NACHA's "notification of change" procedure, standardized automated rejection codes, or any other similar standard procedure. Upon receipt of such notification, the Treasury will either make the necessary changes in the TREASURY DIRECT account or contact the investor, depending on the circumstances.

One commentator objected to the warranty by the receiving institution as to the accuracy of the pre-notification information, particularly in view of the manual verification or changes in procedures that would be required, and the resulting possibility of error. As previously noted, the requirement to verify an account name has been eliminated. In addition, language has been added to make it clear that the verification is limited to the time of pre-notification. The Treasury is of the view that the warranty is a useful concept in encouraging institutions to respond to pre-notification messages and will benefit all concerned by increasing the likelihood that payments will be made accurately and to the appropriate party.

(b)(5) *Responsibility of financial institution.* The proposed regulations provided, in § 357.26(b)(5)(ii), that a financial institution that receives a TREASURY DIRECT payment on behalf of a customer would be required to promptly notify the Treasury when it has made a change in the status or ownership of the customer's deposit account, such as the deletion of the first-named owner of the security from the title of the account, or when the institution is on notice of the death or incompetency of the owner of the deposit account.

Several financial institutions objected to this requirement on the grounds that it would be burdensome and would require the development of new procedures to monitor the changes in deposit accounts. Specifically, several institutions indicated they would be unable to relate the receipt of TREASURY DIRECT payments, which would be handled in a centralized area of the institution, to the changes being made in a deposit account, which are handled in another operational area of the institution. These institutions said they would not necessarily be aware of who is the first-named owner of the security in TREASURY DIRECT, and that more responsibility should be placed on the security owner in reporting changes.

In response to these comments, the Treasury has narrowed the notification rule, in paragraph (b)(5)(ii) of the final rule, to require a financial institution to notify TREASURY DIRECT only in cases where it is on notice of the death or legal incapacity of an individual named on the deposit account, or where it is on notice of the dissolution of a corporation named in the deposit account. Upon receipt of notice by the area of the institution that receives credit payments, the institution will be required to return any TREASURY DIRECT payments received thereafter.

(b)(6) *Payments in error/duplicate payments.* The proposed regulations, in § 357.26(b)(6), set out rules describing the procedure that would be followed in cases where the Treasury or a Federal Reserve Bank has made a duplicate payment or a payment in error. First, the financial institution to which the payment was directed would be provided with a notice asking for the return of the amount of the payment remaining in the deposit account. If the financial institution were unable to return any part of the payment, it would be required to notify the Treasury or its Federal Reserve Bank, and provide the names and addresses of the persons who withdrew funds from the deposit account after the date of the duplicate payment or the payment in error. If the financial institution did not respond to the notice within 30 days, the financial institution's account at its Federal Reserve Bank could be debited in the amount of the duplicate or improper payment.

Several institutions raised objections about various aspects of the above procedures. One stated that 30 days was an insufficient time to respond and urged conformity with the rules in 31 CFR Part 210 permitting a 60-day response time. Some objected to furnishing information about the persons who withdrew money from an account. Several objected in principle to the provision authorizing the debiting of their accounts. Several comments indicated that if a payment is returned by a financial institution using an automated payment reversal procedure, then only the full amount of the payment (not a partial amount) can be reversed.

In the final rule, the Treasury has clarified the procedures. The requirement to provide the names of persons who withdrew funds from an account has been changed. In paragraph (b)(6)(i), financial institutions are asked to provide only such information as they have about the matter. The debiting of an institution's account at a Federal Reserve Bank is intended to be simply a last resort if the institution fails totally to respond to the notice of a duplicate payment or payment made in error. See paragraph (b)(6)(iii). The time provided for response to this notice has been lengthened to 60 days.

The final rule has also been clarified in paragraph (b)(6)(i) to provide that the amount that should be returned is an amount equal to the payment. The Treasury reserves the right, however, to request the return by other than automated means of a partial amount of a payment made in error. It is anticipated that such a procedure would occur only if the notice of a payment made in error is not issued immediately after the payment was made.

(d) *Handling of payments by Federal Reserve Banks.* Some of the comments raised a question about the liability of the Federal Reserve Banks in making payments. The proposed rule, in § 357.26(d)(2), provided that each Federal Reserve Bank would be responsible only to the Department and would not be liable to any other party for any loss resulting from its handling of payments. This rule was taken from the existing regulations in 31 CFR Part 210 (see § 210.3(f)), and is simply a restatement of existing law.

In making payments, the Federal Reserve Banks are acting in the capacity as fiscal agents of the United States, pursuant to 12 U.S.C. 391. They are not acting in an individual (banking) capacity. If a Federal Reserve Bank misdirects a payment contrary to instructions provided by the investor, the United States, as principal, may remain liable to the investor for the payment. The United States could seek to recover any loss from its agent, the Fedeal Reserve Bank. However, because the proposed rule simply stated a legal conclusion and tended to create the impression that the rule was broader than intended, it has been omitted from the final regulations.

Section 357.31 Certifying individuals.

For clarity, the warranties which accompany the use of a "Signature guaranteed" stamp have been set out.

Section 357.42 Preservation of existing rights.

This section has been deleted. The same subject-matter will be covered in § 357.1, as finally adopted.

Section 357.43 Liability of Department and Federal Reserve Banks.

This section was published as § 357.42 in the notice of proposed rulemaking for TRADES. The final version will be published after all the comments on the rulemaking for TRADES have been reviewed and considered.

Section 357.46 Supplements, amendments, or revisions.

Provision for "charges and fees for services and maintenance of book-entry Treasury securities" has been added in the event circumstances should dictate their imposition.

[51 FR 18260, May 16, 1986; 51 FR 18884, May 23, 1986]

PART 361—CLAIMS PURSUANT TO THE GOVERNMENT LOSSES IN SHIPMENT ACT

Sec.

361.1 Scope of regulations.
361.2 Definitions.
361.3 Shipping procedure.
361.4 Preparation of shipment.
361.5 Record of shipment.
361.6 Advice of shipment.
361.7 Report of loss, destruction or damage.
361.8 Claim for replacement.
361.9 Proof of claim.
361.10 Recoveries.

AUTHORITY: Sec. 6, 50 Stat. 480; 40 U.S.C. 728.

SOURCE: 41 FR 19302, May 12, 1976, unless otherwise noted. Redesignated at 49 FR 47002, Nov. 30, 1984. Further redesignated at 50 FR 51394, Dec. 17, 1985.

§ 361.1 Scope of regulations.

This part governs the reporting of loss or destruction of, or damage to, valuables shipped pursuant to section 1 of the Government Losses in Shipment Act (hereafter the "Act") (40 U.S.C. 721) and proof of claim for replacement under section 3 of the Act (40 U.S.C. 723) by executive departments, independent establishments, agencies, wholly owned corporations, officers and employees of the United States, and Federal Reserve banks when acting on behalf of the United States or agencies thereof (hereafter "consignors"). Failure by any consignor or agent or employee thereof to comply with these regulations may delay recoveries, preclude reimbursement from the fund for the payment of Government losses in shipment (hereafter the "Fund") or other relief under the Act, and render the consignor responsible for any loss occurring through such failure.

§ 361.2 Definitions.

(a) The term "valuables" means any articles or things or representatives of value in which the United States has any interest, or in connection with which it has any obligation or responsibility, direct or indirect, and which have been declared to be valuables by the Secretary of the Treasury (hereafter "Secretary") pursuant to the Act, as listed in § 362.1 of this title.

(b) The term "shipment" means the transportation, or the effecting of transportation, of valuables, without limitation as to the means or facilities used or by which the transportation is effected or the person to whom it is made, and includes, but is not limited to, shipments made to any executive department, independent establishment, agency, wholly or partly owned corporation, officer, or employee of the United States, or any person acting on his or its behalf or at his or its direction.

(c) The term "replacement" means payment, reimbursement, replacement, or duplication or the expenses incident thereto.

(d) The term "carrier" means any person, corporation, or other entity which effectuates the shipment for consignors of valuables.

§ 361.3 Shipping procedure.

Shipments of valuables shall be made so as to provide the greatest possible protection against risk of loss and destruction of, and damage to, valuables, in accordance with requirements prescribed by the consignors after notice to the Secretary.

§ 361.4 Preparation of shipment.

Each shipment shall be inspected and verified by two responsible employees of a consignor before final preparation (*i.e.*, before sealing, locking, etc.) for delivery to the carrier. The shipment shall be finally prepared for delivery in the presence of the two employees and before leaving their immediate control. If strict compliance herewith is impossible or impracticable, administrative officers of the consignor shall make adequate provision, through the establishment of accounting controls or otherwise, for the maintenance of basic records which will enable them to prove, to the satisfaction of the Secretary, the extent of loss, destruction, or damage in connection with a claim against the Fund. The requirements of this section shall apply irrespective of the carrier or method of transportation employed in making shipments.

§ 361.5 Record of shipment.

(a) A record of each shipment shall be maintained by the consignor. The record shall include:

(1) The name and address of the consignee designated to receive the shipment;

(2) A complete description of the contents of the shipment (if the shipment is made up of securities, the record shall be maintained by issue, series, denomination and serial number, and a description of any coupons attached to such securities at the time of shipment);

(3) The face or par value of the shipment in the case of securities, currency, etc., or the replacement value in the case of other valuables;

(4) The registry number or the lock and rotary numbers, if any, under which shipped;

(5) The number of the registry receipt, or other receipt of the carrier;

(6) The date and hour of delivery to the carrier;

(7) A record of the signatures of the consignor's employees who verified the contents of the package and witnessed its sealing;

(8) A record of the signature(s) of the consignor's employee(s) who thereafter had custody of the package until it was delivered at the post office for registration or deposited with the post office or other carrier for shipment, and

(9) The name of the carrier.

(b) The consignor shall also preserve, until assured that shipment has been completed and no claims action will be initiated, all registry receipts or other carriers' receipts, and other documents incidental to the shipments.

§ 361.6 Advice of shipment.

(a) If the value of any one shipment to one consignee at one time by one consignor, except in the case of any intracity shipment or the shipment of registered securities by certified mail, or by another means providing the same protection as certified mail, equals or exceeds $10,000, immediate notice thereof shall be forwarded by the consignor to the consignee by separate mail. Such notice shall include:

(1) A complete record of the contents of the shipment;

(2) The method of transportation employed and the name of the carrier; and

(3) The date of delivery to such carrier.

(b) The consignee shall arrange that:

(1) Shipment when received, be opened and inspected by one or more responsible employees;

(2) Immediate advice of any difference between the amounts or quantity indicated in the notice by the consignor to the consignee and in the shipment when opened be forwarded to the consignor;

(3) The consignor and the post office, or office of other carrier through which delivery would be made, be notified immediately in the event of the failure of the shipment to arrive in due course;

(4) The consignor be advised immediately concerning any damage to the shipment; and

(5) All findings of the consignee in such cases be made a matter of record subject to the inspection of the Secretary or other Government officer, in

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connection with any necessary investigation.

[41 FR 19302, May 12, 1976. Redesignated at 49 FR 47002, Nov. 30, 1984. Further redesignated at 50 FR 51394, Dec. 17, 1985, and amended at 51 FR 19751, June 2, 1986]

§ 361.7 Report of loss, destruction or damage.

(a) If a consignor receives notice that loss or destruction of, or damage to, valuables shipped in accordance with the Act has occurred, an immediate written report shall be forwarded by the consignor to the Secretary, to the attention of the Bureau of the Public Debt, Division of Financial Management, Room 446, E Street Building, Washington, DC 20239-0001. If the loss, destruction or damage represents a value equal to, or in excess of, $10,000 or if delay in reporting is likely to delay the Government in recovering such valuables, the report shall be transmitted by wire and promptly confirmed in writing.

(b) The report shall state: (1) The date of shipment; (2) the amount and character of the valuables lost, destroyed, or damaged; (3) the name and address of the consignee; (4) the method of transportation, the name of the carrier, and the location of the office of the carrier from which shipment was made; (5) the registry or other receipt number; and (6) the cause of the loss, destruction or damage, if known.

(c) The consignor shall immediately report the loss, destruction or damage to the agent in charge of the nearest United States Secret Service office, and to the local post office or local office of other carrier. The consignor shall also place a tracer on the shipment and take such other action as may be necessary to facilitate recovery.

[41 FR 19302, May 12, 1976. Redesignated and amended at 49 FR 47002, Nov. 30, 1984. Further redesignated and amended at 50 FR 51394, Dec. 17, 1985]

§ 361.8 Claim for replacement.

Claim for replacement shall be made in writing to the Secretary, to the attention of the Bureau of the Public Debt, Division of Financial Management, Room 446, E Street Building, Washington, DC 20239-0001, and shall be supported by "Proof of Claim" pursuant to § 361.9. The claim, accompanied by a recommendation regarding the manner of replacement, shall be submitted through the head, of the consignor concerned, or his designee. The manner of replacement shall be determined by the Secretary in accordance with section 3 of the Act, *i.e.*, by replacement out of the Fund or by a credit in the accounts of the claimant.

[41 FR 19302, May 12, 1976. Redesignated and amended at 49 FR 47002, Nov. 30, 1984. Further redesignated and amended at 50 FR 51394, Dec. 17, 1985]

§ 361.9 Proof of claim.

The Secretary will require proof of claim in such form, and in such manner, as he deems necessary. Proof of claim will include satisfactory proof of shipment and satisfactory proof of loss, destruction or damage. The claim shall be supported by the original "record of shipment" required pursuant to § 361.5, which will be returned after adjustment of the claim. The consignor shall submit a statement concerning the loss or destruction of, or damage to, the shipment or any part thereof. If the shipment has been received by the consignee with contents not intact, such statement shall set forth all the circumstances relating to the condition in which the shipment was received and the manner of inspection and verification of its contents. Affidavits covering the loss, destruction or damage to the shipment shall be obtained from the consignee and the carrier. The consignor shall submit the statement and recommendations of the investigating officers.

§ 361.10 Recoveries.

If relief is granted, the consignor shall take all necessary and reasonable steps to recover the lost, destroyed or damaged valuables, or their value. All recoveries and repayments, in connection with valuables for which replacement has been made out of the Fund, shall be forwarded to the Secretary for credit to the Fund.

PART 362—DECLARATION OF VALUABLES UNDER THE GOVERNMENT LOSSES IN SHIPMENT ACT

Sec.
362.1 Declaration of "valuables".
362.2 Amendments.

AUTHORITY: Secs. 6, 7, 50 Stat. 480; 40 U.S.C. 728, 729.

§ 362.1 Declaration of "valuables".

It is determined that replacements, in accordance with the procedure established under section 3 of the Government Losses in Shipment Act (50 Stat. 479, as amended; 5 U.S.C. 134b), of the articles or things or representatives of value enumerated and referred to in this section would be in the public interest; accordingly, they are hereby declared to be "valuables" within the meaning of the act.

(a) *Money of the United States and foreign countries.* Currency, included mutilated currency and canceled currency, coins, including uncurrent coins, and specie.

(b) *Securities and other instruments or documents, private and public.*

Abstracts of title.
Assignments.
Bills.
Bonds.
Certificates of deposit.
Certificates of indebtedness.
Checks, drafts and money orders.
Coupons.
Debentures.
Deeds.
Equipment trust certificates.
Mortgages.
Notes.
Stamps, including postage, revenue, license, food order and public debt.
Stamped envelopes and postal cards.
Stock certificates.
Trust receipts.
Voting trust receipts.
Warehouse receipts.
Warrants.

And other instruments or documents similar to the foregoing and whether complete, incomplete, mutilated, canceled, in definitive form or represented by interim documents.

(c) *Precious metals and stones.* Diamonds and other precious stones. Gold, silver and any other precious or rare metal, including articles composed thereof.

(d) *All other.* Works and collections of artistic, historical, scientific or educational value which are the property of the United States or which may be loaned to the United States at its request, or which may be shipped on authority of the United States for its examination or acceptance as a gift.

[4 FR 3796, Sept. 1, 1939, as amended at 5 FR 2653, July 25, 1940. Redesignated at 49 FR 47002, Nov. 30, 1984. Further redesignated at 50 FR 51394, Dec. 17, 1985]

§ 362.2 Amendments.

The Secretary of the Treasury may, at any time, or from time to time, make supplemental or amendatory declaration of valuables.

[4 FR 3796, Sept. 1, 1939, as amended at 5 FR 2653, July 25, 1940. Redesignated at 49 FR 47002, Nov. 30, 1984. Further redesignated at 50 FR 51394, Dec. 17, 1985]

PART 390—COLLECTION BY ADMINISTRATIVE OFFSET

Sec.
390.0 Scope of regulations.
390.1 General.
390.2 Notification procedures.
390.3 Agency review.
390.4 Written agreement for repayment.
390.5 Administrative offset.

AUTHORITY: 31 U.S.C. 3701; 31 U.S.C. 3711; 31 U.S.C. 3716.

SOURCE: 49 FR 6369, Feb. 21, 1984, unless otherwise noted.

§ 390.0 Scope of regulations.

These regulations apply to the collection by the Bureau of the Public Debt of claims by administrative offset under section 5 of the Federal Claims Collection Act of 1966, as added by the Debt Collection Act of 1982 (31 U.S.C. 3716). They are consistent with the Federal Claims Collection Standards on administrative offset issued jointly by the Department of Justice and the General Accounting Office, as set out in 4 CFR 102.3. The term "administrative offset," as defined in 31 U.S.C. 3701(a)(1), means "withholding money payable by the United States Government to, or held by the Government for, a person to satisfy a debt the person owes the Government."

§ 390.1 General.

(a) The Commissioner of the Public Debt, or designee, after attempting to collect a claim from a person under section 3(a) of the Federal Claims Collection Act of 1966, as amended (31 U.S.C. 3711(a)), may collect the claim by administrative offset if the claim is certain in amount. The Commisioner has determined that it is in the best interests of the United States to collect claims by administrative offset because of the decreased costs of collection and the acceleration in the payment of claims.

(b) If the six-year period for bringing an action on a claim provided in section 2415 of Title 28, United States Code, has expired, the claim may be collected by administrative offset only if the costs that would have been incurred in bringing such action were likely to be more than the amount of the claim. No collection by administrative offset shall be made on any claim that has been outstanding for more than 10 years unless facts material to the Government's right to collect the claim were not known and reasonably could not have been known by the official or officials responsible for discovering and collecting such claim.

(c) These regulations do not apply to any case in which administrative offset of the type of debt involved is explicitly provided for or prohibited by another statute, nor do they apply to debts owed by other agencies of the United States or by any State or local government.

§ 390.2 Notification procedures.

Before collecting any claim through administrative offset, a notice shall be sent to the debtor by certified mail, return receipt requested. In the case of an agent qualified under 31 CFR Part 317 or 321, the notice need not be sent by certified mail. The notice shall provide:

(a) Written notification of the nature and amount of the claim, the intention of the agency to collect the claim through administrative offset, and an explanation of rights under section 10 of the Debt Collection Act of 1982 (31 U.S.C. 3716);

(b) An opportunity to inspect and copy the records of the agency with respect to the claim;

(c) An opportunity for review within the Bureau of the Public Debt of the determination of the Bureau with respect to the claim; and

(d) An opportunity to enter into a written agreement with the head of the agency, or designee, for the repayment of the amount of the claim.

§ 390.3 Agency review.

(a) A debtor may dispute the existence of the debt, the amount of the debt, or the terms of repayment. A request to review a disputed claim must be submitted to the Bureau within 30 calendar days of the receipt of the written notice described in § 390.2.

(b) If the debtor requests an opportunity to inspect or copy the Bureau's records concerning the disputed claim, 10 business days will be granted for the review. The time period will be measured from the time the request for inspection is granted or from the time the copy of the records is received by the debtor.

(c) Pending the resolution of a dispute by the debtor, transactions in any account(s) of the debtor maintained at the Bureau of the Public Debt may be temporarily suspended. Depending on the type of security, the suspension could preclude its payment, removal, or transfer, as well as prevent the payment of interest or discount due thereon. Should the dispute be resolved in the debtor's favor, the suspension will be immediately lifted.

(d) During the review period, interest, penalties, and administrative costs authorized under the Federal Claims Collection Act of 1966, as amended, will continue to accrue.

§ 390.4 Written agreement for repayment.

A debtor who admits liability, but elects not to have the debt collected by administrative offset, will be permitted to negotiate with the Commissioner of the Public Debt, or designee, concerning a written agreement for the repayment of the debt. If the financial condition of the debtor does not support the ability to pay in one lump-sum, reasonable installments may be considered. No installment arrangement will be considered unless the debtor submits a financial statement, executed under penalty of perjury, reflecting the debtor's assets, liabilities, income, and expenses. The financial statement must be submitted within 10 business days of its request by the Bureau. At the Bureau's option, a confess-judgment note or bond of indemnity with surety may be required for installment agreements. Notwithstanding the provisions of this section, any reduction or compromise of a claim will be governed by 4 CFR Part 103 and 31 CFR 5.3.

§ 390.5 Administrative offset.

If the debtor does not exercise the right to request a review within the time specified in § 390.3, or if, as a result of the review, it is determined that the debt is due and no written agreement is executed, then administrative offset shall be ordered in accordance with these regulations without further notice.

PART 391—WAIVER OF INTEREST, ADMINISTRATIVE COSTS, AND PENALTIES

Sec.

391.0 Scope of regulations.
391.1 General.
391.2 Equitable considerations.
391.3 Resolution of disputes.
391.4 Documentary evidence.
391.5 Waiver approval.

AUTHORITY: 31 U.S.C. 3701; 31 U.S.C. 3711; 31 U.S.C. 3717.

SOURCE: 50 FR 6344, Feb. 15, 1985, unless otherwise noted.

§ 391.0 Scope of regulations.

These regulations apply to the waiver of late charges on claims due the Bureau of the Public Debt as authorized by 31 U.S.C. 3717(h). They are consistent with the Federal Claims Collection Standards on interest, administrative costs, and penalties prescribed jointly by the General Accounting Office and the Department of Justice and set forth in 4 CFR 102.13. The term "claim" as used in this part refers to an amount of money or property that has been determined to be owed to the Bureau of the Public Debt from any person, organization, or entity, except another Federal agency. The term "late charges" as used in this part includes interest, administrative costs, and penalties. When applying the following regulations, a distinction shall be drawn between an adjustment and a waiver. An adjustment is an account correction under any circumstances where the Bureau records a claim or accrues late charges to which it is not legally entitled. An adjustment may be made without the promulgation of regulations. A waiver applies whenever the Bureau accrues late charges it is entitled to assess and later relinquishes that right. Two examples of an adjustment are: (a) Where the underlying claim is without merit, and (b) where the debtor is not notified of the claim as required by 31 U.S.C. 3717. The latter includes being misinformed as to the amount of the charges or the time of their commencement.

§ 391.1 General.

(a) *Waiver of late charges.* Late charges may be waived:

(1) When the underlying claim is compromised in accordance with 4 CFR Part 103;

(2) Where the underlying claim is not compromised but it is appropriate to waive late charges under the criteria of 4 CFR Part 103 relating to enforcement policy;

(3) When collection of the underlying claim is terminated in accordance with 4 CFR Part 104;

(4) When a claim is suspended in accordance with 4 CFR Part 104.

(5) Where the cost of collecting the unpaid late charges would approach or exceed the amount of unpaid late charges to be collected and the amount of late charges does not qualify for referral to a collection agency or the Department of Justice;

(6) Where the late charges pertain to claims involving savings bonds and notes arising under 31 U.S.C. 3105 and 3106 which are replaced pursuant to 31 U.S.C. 3126;

(7) For reasons of equity or good conscience as provided in § 391.2.

(b) *Partial waiver.* Late charges may be waived in full or in part.

§ 391.2 Equitable considerations.

For reasons of equity and good conscience, late charges may be waived under the circumstances identified in this section.

(a) Where, without fault or bad faith, the debtor could not submit payment within 30 days of the interest accrual date, the mandatory waiver provision in 4 CFR 102.13(g) may be extended. Such waiver will be considered on a case-by-case basis. Examples include, but are not limited to: (1) Postal service delays in forwarding the notice of indebtedness to a new address; and (2) late receipt of the notice of indebtedness where the debtor was away from home on an extended vacation or hospitalized.

(b) Where an installment plan is contemplated and the amount of the late charges in relation to the amount of reasonably affordable installment payments is so large that the debt may never be paid, late charges may be waived.

§ 391.3 Resolution of disputes.

(a) To avoid the accrual of additional late charges during the resolution of a dispute, a debtor has the option of paying the amount of the claim and filing a request for a refund together with a request for review of the claim.

(b) Where the claim is a result of the Bureau's administrative error, late charges accruing during the review period may be waived unless the Bureau's actions would have placed a reasonable person on notice that the Bureau erred and that the person should inquire further.

(c) Where the claim is a result of the debtor's error or negligence and the administrative review is unreasonably protracted, late charges accruing during the protracted portion of the review period may be waived.

(d) The period for administrative review begins on the date the request for review is received and ends 10 days after the final determination is mailed to the debtor. This paragraph shall not apply if the request for review is made in bad faith or for purposes of delay.

§ 391.4 Documentary evidence.

(a) When late charges are waived, the debtor's administrative file shall be properly documented with a memorandum. The memorandum shall contain a brief narrative statement describing the circumstances leading to the waiver and the reason(s) for granting the waiver.

(b) A credit report or a financial statement sworn to by the debtor may be required before waiver of late charges is approved for a compromise, suspension, or termination, except where the cost of obtaining such a report or statement exceeds the late charges due.

§ 391.5 Waiver approval.

Waivers of late charges shall be approved by the Commissioner of the Bureau of the Public Debt or designee, except that compromises and terminations of the underlying claim shall be upon the recommendation of the Chief Counsel in accordance with 31 CFR 5.3.

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CHAPTER IV—SECRET SERVICE, DEPARTMENT OF THE TREASURY

Part *Page*

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PART 401—SEIZURE AND FORFEITURE OF VESSELS, VEHICLES AND AIRCRAFT USED TO TRANSPORT COUNTERFEIT COINS, OBLIGATIONS, SECURITIES, AND PARAPHERNALIA

Sec.

401.1 Secret Service agents authorized to make seizures.
401.2 Custody.
401.3 Authority of District Directors of Customs to hold in custody.
401.4 Duties of Bureau of Customs.
401.5 Disposition.

Authority: Sec. 8, 53 Stat. 1293; 49 U.S.C. 788.

Source: 33 FR 4257, Mar. 7, 1968, unless otherwise noted.

§ 401.1 Secret Service agents authorized to make seizures.

All officers of the U.S. Secret Service engaged in the enforcement of counterfeiting laws are hereby authorized and designated to seize such vessels, vehicles, and aircraft as may be subject to seizure because of violations of the said act of August 9, 1939, pertaining to contraband articles referred to in section 1(b)(3) of said act.

§ 401.2 Custody.

Each vessel, vehicle, or aircraft seized pursuant to the said act of August 9, 1939, and the regulations in this part shall forthwith be placed by the seizing officer in the custody of the District Director of Customs for the customs district in which such seizure is made. Such placing in custody shall be effected by immediate notification of the appropriate District Director of Customs of the seizure, together with a statement of the facts including a description of the vessel, vehicle, or aircraft, and the holding by the seizing officer of such vessel, vehicle, or aircraft subject to the instructions of the said district director of customs.

§ 401.3 Authority of District Directors of Customs to hold in custody.

District Directors of Customs are hereby authorized and designated to hold in custody awaiting appropriate disposition vessels, vehicles, and aircraft seized pursuant to the said act of August 9, 1939, and the regulations in this part.

§ 401.4 Duties of Bureau of Customs.

With respect to every vessel, vehicle, and aircraft seized and placed in the custody of a district director of customs pursuant to the said act of August 9, 1939, and the regulations in this part, the appropriate officials of the Bureau of Customs are hereby authorized and designated as the officers who shall perform such administrative duties in connection with—

(a) The summary and judicial forfeiture and condemnation of such vessel, vehicle, or aircraft;

(b) The disposition of such vessel, vehicle, or aircraft or the proceeds from the sale thereof;

(c) The remission or mitigation of the forfeiture of such vessel, vehicle, or aircraft; and

(d) The compromise of claims and the award of compensation to informers in respect to such vessel, vehicle, or aircraft;

as may be necessary and proper by virtue of the provisions of said act of August 9, 1939, and by virtue of the provisions of the customs laws which the said act makes applicable in connection with seizures and forfeitures incurred or alleged to have been incurred under the said act and the regulations in this part. In the performance of said administrative duties the said appropriate officials of the Bureau of Customs shall be governed by the procedures established by the customs regulations, insofar as such procedures are applicable and not inconsistent with the provisions of the said act of August 9, 1939, and the regulations in this part. Powers of the character of those exercised by the Secretary of the Treasury and Commissioner of Customs is connection with the remission or mitigation of forfeitures under the customs laws and in connection with the compromise of claims and the award of compensation to informers under the customs laws shall be exercised by the Secretary of the Treasury in connection with the remission or mitigation of forfeitures under the said act of August 9, 1939, and in connection with the compromise of claims and the award of compensation to informers under the said act.

§ 401.5 Disposition.

With respect to each vessel, vehicle, and aircraft seized pursuant to the said act of August 9, 1939, and the regulations in this part, the Director of the Secret Service shall promptly notify the Administrator of the General Services Administration and the Commissioner of Customs whether the Secret Service desires to have such vessel, vehicle, or aircraft for its official use. When forfeiture of any vessel, vehicle, or aircraft has been perfected otherwise than by court decree, the district director holding in custody such vessel, vehicle, or aircraft shall:

(a) Either return the same to the Secret Service if the Director of the Secret Service has requested it for the official use of the Secret Service (b) or, if the Secret Service does not desire such vessel, vehicle, or aircraft for its official use, hold such vessel, vehicle, or aircraft subject to the instructions of the Administrator of the General Services Administration.

(Secs. 301-308, 49 Stat. 879-880; 40 U.S.C. 304f-304m)

PART 402—REPRODUCTION OF CANCELED UNITED STATES INTERNAL REVENUE STAMPS

AUTHORITY: Secs. 474, 492, 62 Stat. 706, 710; 18 U.S.C. 474, 492.

§ 402.1 Reproductions authorized.

Authority is hereby given to make, hold, and dispose of black and white reproductions of canceled U.S. internal revenue stamps: *Provided,* That such reproductions are made, held and disposed of as part of and in connection with the making, holding, and disposition, for lawful purposes, of the reproductions of the documents to which such stamps are attached.

[33 FR 4257, Mar. 7, 1968]

PART 403—AUTHORIZATION OF ALL BANKS, U.S. POST OFFICES, AND DISBURSING OFFICERS OF THE UNITED STATES AND THEIR AGENTS TO DELIVER TO THE TREASURY DEPARTMENT COUNTERFEIT OBLIGATIONS AND OTHER SECURITIES AND COINS OF THE UNITED STATES OR OF ANY FOREIGN GOVERNMENT

AUTHORITY: Sec. 492, 62 Stat. 710; 18 U.S.C. 492.

§ 403.1 Delivery of counterfeit obligations and other securities and coins authorized.

Authority is hereby given to all banks and banking institutions of any nature whatsoever organized under general or special Federal or State statutes, to all U.S. Post Offices, and to all disbursing officers of the United States and their agents, to take possession of and deliver to the Treasury Department through the Secret Service all counterfeit obligations and other securities and coins of the United States or of any foreign government which shall be presented at their places of business.

[33 FR 4257, Mar. 7, 1968]

PART 405—ILLUSTRATION OF SAVINGS BONDS

AUTHORITY: Sec. 474, 62 Stat. 706; 18 U.S.C. 474.

§ 405.1 Illustrations authorized.

(a) Authority is hereby given to make, hold, dispose of, and use illustrations of U.S. savings bonds for publicity purposes in connection with the campaign for the sale of such bonds.

(b) The making of any reproduction of a U.S. savings bond in any manner or any form is not permitted other than as provided in this part or pursuant to title 18, United States Code, section 504 (18 U.S.C. 504).

[36 FR 21338, Nov. 6, 1971]

PART 406—SEIZURE AND FORFEITURE OF GOLD FOR VIOLATIONS OF GOLD RESERVE ACT OF 1934 AND GOLD REGULATIONS

Sec.
406.1 Secret Service officers authorized to make seizures of gold.
406.2 Custody of seized gold valued not in excess of $2,500.
406.3 Forfeiture of gold valued not in excess of $2,500.
406.4 Duties of customs officers.
406.5 Forfeiture of gold valued in excess of $2,500.

AUTHORITY: R.S. 161, as amended, sec. 4, 48 Stat. 340; 5 U.S.C. 301, 31 U.S.C. 443.

SOURCE: 33 FR 4258, Mar. 7, 1968, unless otherwise noted.

§ 406.1 Secret Service officers authorized to make seizures of gold.

All agents of the U.S. Secret Service, in addition to officers of the customs, are hereby authorized and designated to seize any gold which may be subject to forfeiture for violations of the Gold Reserve Act of 1934 (31 U.S.C. 440-445) and the Gold Regulations.

§ 406.2 Custody of seized gold valued not in excess of $2,500.

Any gold, the value of which does not exceed $2,500, seized by officers of the Secret Service pursuant to the Gold Reserve Act of 1934 and the Gold Regulations, if not needed as evidence or for further investigation by the Secret Service, shall be placed forthwith by the seizing officer in the custody of the district director of customs for the customs district in which such seizure is made. Such gold shall be accompanied by a report from the Secret Service showing the basis of the seizure and a citation to each of the statutes and sections of the Gold Regulations violated.

§ 406.3 Forfeiture of gold valued not in excess of $2,500.

The district director of customs receiving custody of gold seized by the Secret Service, shall, if no petition is filed for the remission of mitigation of the forfeiture incurred, institute summary forfeiture proceedings in the judicial district in which such seizure is made under the appropriate provisions of the law and Customs Regulations applicable to the forfeiture of merchandise imported contrary to law.

§ 406.4 Duties of customs officers.

The appropriate officials of the Bureau of Customs are hereby authorized and designated as the officers who shall perform such administrative duties in connection with the summary forfeiture of gold seized by the Secret Service, the sale or other disposition of such gold, and the remission or mitigation of the forfeiture of such gold, as may be necessary or proper by virtue of the provisions of the Gold Reserve Act of 1934 and the Gold Regulations, and by virtue of the provisions of the customs laws which the said Gold Reserve Act makes applicable in connection with the seizures and forfeitures incurred or alleged to have been incurred under the said act and regulations. In the performance of said administrative duties the appropriate officials of the Bureau of Customs shall be governed by the procedures established by the Customs Regulations insofar as such procedures are applicable and not inconsistent with the provisions of the Gold Reserve Act of 1934 and the Gold Regulations.

§ 406.5 Forfeiture of gold valued in excess of $2,500.

When the value of the gold seized by the Secret Service exceeds $2,500, the seizing officer shall furnish a report, approved by the principal local officer, to the U.S. attorney, and shall include in such report a statement of all the facts and circumstances of the case, together with the names of the witnesses and a citation to each of the statutes and sections of the Gold Regulations believed to have been violated and on which reliance may be had for forfeiture.

PART 407—REGULATIONS GOVERNING CONDUCT IN THE TREASURY BUILDING AND THE TREASURY ANNEX

Sec.
407.1 Authority.
407.2 Applicability.
407.3 Recording presence.

Sec.
407.4 Preservation of property.
407.5 Conformity with signs and directions.
407.6 Nuisances.
407.7 Gambling.
407.8 Intoxicating beverages and narcotics.
407.9 Soliciting, vending, debt collection, and distribution of handbills.
407.10 Photographs for news, advertising, or commercial purposes.
407.11 Dogs and other animals.
407.12 Vehicular and pedestrian traffic.
407.13 Weapons and explosives.
407.14 Penalties and other law.

AUTHORITY: 5 U.S.C. 301; FPMR Temp. Reg. D-40, 38 FR 20650; Treasury Dept. Order 177-25 (Revision 2), 38 FR 21947.

SOURCE: 33 FR 7149, May 15, 1968, unless otherwise noted.

§ 407.1 Authority.

The regulations in this part governing conduct in and on the Treasury Building and grounds and the Treasury Annex Building and grounds are promulgated pursuant to the authority vested in the Secretary of the Treasury, including (5 U.S.C. 301), and that vested in him by delegation from the Administrator of General Services, 38 FR 20650 (1973), and in accordance with the authority vested in the Director of the U.S. Secret Service by Treasury Department Order No. 177-25 (Revision 2), 38 FR 21947 (1973).

[38 FR 31975, Nov. 20, 1973]

§ 407.2 Applicability.

The regulations in this part apply to the building and grounds of the Main Treasury Building and the Treasury Annex Building located in Washington, D.C., at 15th Street and Pennsylvania Avenue NW., and Madison Place and Pennsylvania Avenue NW., respectively, and to all persons entering in or on such property. The Main Treasury Building and grounds and the Treasury Annex Building and grounds shall hereafter be referred to in the regulations in this part as "property".

§ 407.3 Recording presence.

Except as otherwise ordered, the property shall be closed to the public after normal working hours and at such other times as may be necessary for the orderly conduct of the business of the Treasury Department. The property shall also be closed to the public when, in the opinion of the Assistant Secretary for Administration, or his delegate, an emergency situation exists. Admission to the property during periods when the property is closed to the public will be limited to authorized individuals who may be required to sign the register and/or display identification documents when requested by Treasury guards or other authorized individuals.

§ 407.4 Preservation of property.

No person shall, without proper authority, willfully destroy, damage, deface, or remove property or any part thereof, or any furnishings therein.

§ 407.5 Conformity with signs and directions.

Persons in and on the property shall comply with the instructions of Treasury guards, with official signs of a prohibitory or directory nature, and with the directions of other authorized officials.

§ 407.6 Nuisances.

The use of loud, abusive, or profane language, unwarranted loitering, unauthorized assembly, the creation of any hazard to persons or things, improper disposal of rubbish, spitting, prurient prying, the commission of any obscene or indecent act, or any other disorderly conduct on the property is prohibited. The throwing of any articles of any kind in, upon, or from the property and climbing upon any part thereof is prohibited.

§ 407.7 Gambling.

Participating in games for money or other property, the operation of gambling devices, the conduct of a lottery or pool, the selling or purchasing of numbers tickets, or any other gambling, in or on the property is prohibited.

§ 407.8 Intoxicating beverages and narcotics.

Entering or being on the property, or operating a motor vehicle thereon, by a person under the influence of intoxicating beverages or narcotic drugs is prohibited.

§ 407.9 Soliciting, vending, debt collection, and distribution of handbills.

The unauthorized soliciting of alms and contributions, the commercial soliciting and vending of all kinds, the display or distribution of commercial advertising, or the collecting of private debts, in or on the property is prohibited. This prohibition does not apply to Department of Treasury concessions or notices posted by authorized employees on the bulletin boards. Distribution of material such as pamphlets, handbills, and flyers is prohibited without prior approval from the Assistant Secretary for Administration, or his delegate.

§ 407.10 Photographs for news, advertising, or commercial purposes.

Except where security regulations apply, or a Federal court order or rule prohibits it, photographs for news purposes may be taken in areas on the property to which the public customarily has access without prior permission. Photographs for advertising and commercial purposes may be taken in such areas only with the prior written permission of the Assistant Secretary for Administration, or his delegate.

§ 407.11 Dogs and other animals.

Dogs and other animals, except seeing-eye dogs, shall not be brought upon the property for other than official purposes.

§ 407.12 Vehicular and pedestrian traffic.

(a) Drivers of all vehicles in or on the property shall drive in a careful and safe manner at all times and shall comply with the signals and directions of Treasury guards and all posted traffic signs.

(b) The blocking of entrances, driveways, walks, loading platforms, or fire hydrants in or on the property is prohibited.

(c) Parking in or on the property is not allowed without a permit or specific authority. Parking without authority, parking in unauthorized locations, or in locations reserved for other persons, or contrary to the directions of Treasury guards or posted signs is prohibited.

(d) This section may be supplemented from time to time with the approval of the Assistant Secretary for Administration, or his delegate, by the issuance and posting of specific traffic directives as may be required and when so issued and posted such directives shall have the same force and effect as if made a part hereof.

§ 407.13 Weapons and explosives.

No person while on the property shall carry firearms, other dangerous or deadly weapons, or explosives, either openly or concealed, except for official purposes.

§ 407.14 Penalties and other law.

Whoever shall be found guilty of violating the regulations in this part while on the property is subject to a fine of not more than $50 or imprisonment of not more than 30 days, or both (see 40 U.S.C. 318c). Nothing contained in these regulations shall be construed to abrogate any other Federal laws or regulations of the District of Columbia applicable to the property referred to in § 407.2 and governed by the regulations.

PART 408—DESIGNATION OF TEMPORARY RESIDENCE OF THE PRESIDENT OR OTHER PERSON PROTECTED BY THE SECRET SERVICE AND TEMPORARY OFFICES OF THE PRESIDENT AND STAFF, OR OTHER PERSON PROTECTED BY THE SECRET SERVICE—RULES GOVERNING ACCESS

Sec.
408.1 Authority.
408.2 Designation.
408.3 Rules governing access.

AUTHORITY: 18 U.S.C. 1752 (84 Stat. 1891, 96 Stat. 1451).

SOURCE: 49 FR 28553, July 13, 1984, unless otherwise noted.

§ 408.1 Authority.

The designation of the buildings and grounds in this part which constitute the temporary residence of the President or other person protected by the Secret Service and the temporary offices of the President and Presidential staff or of any other person protected by the Secret Service and the regulations governing access to such restricted areas where the President or any other person protected by the Secret Service is or will be temporarily visiting, are promulgated pursuant to the authority vested in the Secretary of the Treasury by 18 U.S.C. 1752 (84 Stat. 1891, 96 Stat. 1451).

§ 408.2 Designation.

(a) For the purpose of 18 U.S.C. 1752, the buildings and grounds which constitute temporary residence of the President are as follows:

Santa Barbara County, California home. That certain tract land in the County of Santa Barbara, State of California, shown and designated as "Parcel 1" on Parcel Map No. 11697 filed January 2, 1973 in Book 11, page 40 of Parcel Maps in the office of the County Recorder of said County.

This property and the related conditions, restrictions, reservations, easements, rights and rights of way of record are more fully described in a Grant Deed recorded with the Santa Barbara County Recorder's Office (Book 2540, Pages 1381-1385).

(b) For the purposes of 18 U.S.C. 1752, the buildings and grounds which constitute temporary residences of other persons protected by the Secret Service shall be that property which each designates for protection by the Secret Service in accord with the provisions of Section 3 of Pub. L. 95-524 (90 Stat. 2475). To the extent that a further description of such property may be necessary, such description shall be provided by the Secret Service in the form of a verbal or written notice to prospective visitors at each protective site.

(c) For purposes of 18 U.S.C. 1752, the buildings and grounds which constitute temporary offices of the President and Presidential staff or offices of other persons protected by the Secret Service shall be those offices outside of Washington, D.C., which are either supplied to the individual protectee by the government by virtue of that individual's position/former position with the government or those offices in which the individual conducts/is conducting his or her business affairs. To the extent that a further description of such property may be necessary, such description shall be provided by the Secret Service in the form of a verbal or written notice to prospective visitors at each protective site.

§ 408.3 Rules governing access.

(a) For the purposes of 18 U.S.C. 1752 (84 Stat. 1891, 96 Stat. 1451), ingress or egress to or from the buildings or grounds designated in § 408.2 and any posted, cordoned off, or otherwise restricted areas of a building or grounds where the President or other person protected by the United States Secret Service is or will be visiting is authorized only for the following persons:

(1) Invitees: Persons invited by or having appointments with the protectee, the protectee's family, or members of the protectee's staff;

(2) Members of the protectee's family and staff;

(3) Military and Communications Personnel assigned to the Office of the President;

(4) Federal, state, and local law enforcement personnel engaged in the performance of their official duties and other persons, whose presence is necessary to provide services or protection for the premises or persons therein;

(5) Holders of grants of easement to the property, provided such persons or their authorized representatives show title to the grant of easement and obtain authorization from the United States Secret Service.

(b) Authorized persons must possess and display identification documents issued by or satisfactory to the United States Secret Service.

(c) Unauthorized entry is prohibited.

(d) The term "protectee" as used in this rule includes the President and any other person receiving protection from the United States Secret Service as provided by law.

PART 409—STANDARD AND PROCEDURES UTILIZED IN ISSUING A SECURITY CLEARANCE IN CONNECTION WITH AN APPLICATION FOR A PRESS PASS TO THE WHITE HOUSE

Sec.
409.1 Standard.
409.2 Procedures.

AVAILABLE

AUTHORITY: 18 U.S.C. 3056 and 3 U.S.C. 202.

§ 409.1 Standard.

In granting or denying a request for a security clearance made in response to an application for a White House press pass, officials of the Secret Service will be guided solely by the principle of whether the applicant presents a potential source of physical danger to the President and/or the family of the President so serious as to justify his or her exclusion from White House press privileges.

[43 FR 26718, June 22, 1978]

§ 409.2 Procedures.

(a) If the Special Agent in Charge of the Secret Service, Technical Security Division, in applying the standard set forth in § 409.1, anticipates that a denial of the security clearance should be issued, the applicant will be notified in writing, by that official, of the basis for the proposed denial in as much detail as the security of any confidential source of information will permit. This notification will be sent by registered mail.

(b) The notification of the proposed denial sent to the applicant will also contain a statement advising the applicant of his right to respond to the proposed denial and to rebut any factual basis supporting the proposed denial by contacting the Assistant Director—Protective Operations, United States Secret Service, 1800 "G" Street, NW., Washington, DC 20223.

(c) The applicant shall be allowed thirty days from the date of the mailing of the proposed denial notification to respond in writing. The response shall consist of any explanation or rebuttal deemed appropriate by the applicant and will be signed by the applicant under oath or affirmation.

(d) If the applicant is unable to prepare a response within thirty days, an extension for one additional thirty day period will be granted upon receipt of the applicant's written request for such an extension.

(e) At the time of the filing of the applicant's written response to the notification of the proposed denial the applicant may request, and will be granted, the opportunity to make a personal appearance before the Assistant Director—Protective Operations of the Secret Service for the purpose of personally supporting his eligibility for a security clearance and to rebut or explain the factual basis for the proposed denial. This official shall exercise final review authority in the matter. The applicant may be represented by counsel during this appearance.

(f)(1) On the basis of the applicant's written and personal response and the factual basis for the proposed denial, the Assistant Director—Protective Operations of the Secret Service will determine whether or not further inquiry or investigation concerning the issues raised, is necessary.

(2) If a decision is made that no such inquiry is necessary a final decision will be issued in conformity with paragraph (g) of this section.

(3) If a decision is made that such further inquiry is necessary the Assistant Director—Protective Operations of the Secret Service, will conduct such further inquiry as that official deems appropriate. At the official's discretion, the inquiry may consist of:

(i) The securing of documentary evidence;

(ii) Personal interviews;

(iii) An informal hearing;

(iv) Any combination of paragraphs (f)(3)(i) through (iii) of this section.

(g) On the basis of the applicant's written and personal response, the factual basis for the proposed denial and the additional inquiry provided for, if such inquiry is conducted, a final decision will be expeditiously made by the Assistant Director—Protective Operations of the United States Secret Service in accordance with the standard set forth in § 409.1. If a final adverse decision is reached, the applicant will be notified of this final decision in writing. This notification will set forth, as precisely as possible and to the extent that security considerations permit, the factual basis for the denial in relation to the standard set forth in § 409.1. This notification will be sent by registered mail and will be signed by the Assistant Director—Protective Operations of the Secret Service.

[43 FR 26718, June 22, 1978]

CHAPTER V—OFFICE OF FOREIGN ASSETS CONTROL,
DEPARTMENT OF THE TREASURY

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AUTHORITY: 50 U.S.C. App. 5, as amended; E.O. 9193, 7 FR 5205, 3 CFR 1938–1943 Cum. Supp., p. 1174; E.O. 9989, 13 FR 4891, 3 CFR, 1943–1948 Comp., p. 748.

SOURCE: 15 FR 9040, Dec. 19, 1950, unless otherwise noted.

Subpart A—Relation of This Chapter to Other Laws and Regulations

§ 500.101 Relation of this part to other laws and regulations.

(a) This part is independent of Parts 505, 515, 520, 530, 535 and 540 of this chapter. No license or authorization contained in or issued pursuant to one of those parts, or any other provision of law, authorizes any transaction prohibited by this part.

(b) No license or authorization contained in or issued pursuant to this part shall be deemed to authorize any transaction prohibited by any law other than the Trading With the Enemy Act, 50 U.S.C. App. 5(b), as amended, the Foreign Assistance Act of 1961, 22 U.S.C. 2370, or any proclamation, order, regulation or license issued pursuant thereto.

[50 FR 27436, July 3, 1985]

Subpart B—Prohibitions

§ 500.201 Transactions involving designated foreign countries or their nationals; effective date.

(a) All of the following transactions are prohibited, except as specifically authorized by the Secretary of the Treasury (or any person, agency, or instrumentality designated by him) by means of regulations, rulings, instructions, licenses, or otherwise, if either such transactions are by, or on behalf of, or pursuant to the direction of any designated foreign country, or any national thereof, or such transactions involve property in which any designated foreign country, or any national thereof, has at any time on or since the effective date of this section had any interest of any nature whatsoever, direct or indirect:

(1) All transfers of credit and all payments between, by, through, or to any banking institution or banking institutions wheresoever located, with respect to any property subject to the jurisdiction of the United States or by any person (including a banking institution) subject to the jurisdiction of the United States;

(2) All transactions in foreign exchange by any person within the United States; and

(3) The exportation or withdrawal from the United States of gold or silver coin or bullion, currency or securities, or the earmarking of any such property, by any person within the United States.

(b) All of the following transactions are prohibited, except as specifically authorized by the Secretary of the Treasury (or any person, agency, or instrumentality designated by him) by means of regulations, rulings, instructions, licenses, or otherwise, if such transactions involve property in which any designated foreign country, or any national thereof, has at any time on or since the effective date of this section had any interest of any nature whatsoever, direct or indirect:

(1) All dealings in, including, without limitation, transfers, withdrawals, or exportations of, any property or evidences of indebtedness or evidences of ownership of property by any person subject to the jurisdiction of the United States; and

(2) All transfers outside the United States with regard to any property or property interest subject to the jurisdiction of the United States.

(c) Any transaction for the purpose or which has the effect of evading or avoiding any of the prohibitions set forth in paragraph (a) or (b) of this section is hereby prohibited.

(d) The term "designated foreign country" means a foreign country in the following schedule, and the terms "effective date" and "effective date of this section" mean with respect to any designated foreign country, or any national thereof, 12:01 a.m. eastern standard time of the date specified in the following schedule, except as specifically noted after the country or area.

SCHEDULE

(1) North Korea, i.e., Korea north of the 38th parallel of north latitude: December 17, 1950.

(2) Cambodia: April 17, 1975.

(3) North Vietnam; i.e., Vietnam north of the 17th parallel of north latitude: May 5, 1964.

(4) South Vietnam, i.e., Vietnam south of the 17th parallel of north latitude: April 30, 1975, at 12:00 p.m. e.d.t.

[15 FR 9040, Dec. 19, 1950, as amended at 18 FR 2079, Apr. 14, 1953; 50 FR 27436, July 3, 1985]

§ 500.202 Transactions with respect to securities registered or inscribed in the name of a designated national.

Unless authorized by a license expressly referring to this section, the acquisition, transfer (including the transfer on the books of any issuer or agent thereof), disposition, transportation, importation, exportation, or withdrawal of, or the endorsement or guaranty of signatures on, or otherwise dealing in any security (or evidence thereof) registered or inscribed in the name of any designated national is prohibited irrespective of the fact that at any time (either prior to, on or subsequent to the "effective date") the registered or inscribed owner thereof may have, or appears to have, assigned, transferred or otherwise disposed of any such security.

§ 500.203 Effect of transfers violating the provisions of this chapter.

(a) Any transfer after the "effective date" which is in violation of any provision of this chapter or of any regulation, ruling, instruction, license, or other direction or authorization thereunder and involves any property in which a designated national has or has had an interest since such "effective date" is null and void and shall not be the basis for the assertion or recognition of any interest in or right, remedy, power or privilege with respect to such property.

(b) No transfer before the "effective date" shall be the basis for the assertion or recognition of any right, remedy, power, or privilege with respect to, or interest in, any property in which a designated national has or has had an interest since the "effective date" unless the person with whom such property is held or maintained had written notice of the transfer or by any written evidence had recognized such transfer prior to such "effective date."

(c) Unless otherwise provided, an appropriate license or other authorization issued by or pursuant to the direction or authorization of the Secretary of the Treasury before, during or after a transfer shall validate such transfer or render it enforceable to the same extent as it would be valid or enforceable but for the provisions of section 5(b) of the Trading With the Enemy Act, as amended, and this chapter and any ruling, order, regulation, direction or instruction issued thereunder.

(d) Transfers of property which otherwise would be null and void, or unenforceable, by virtue of the provisions of this section shall not be deemed to be null and void, or unenforceable pursuant to such provisions, as to any person with whom such property was held or maintained (and as to such person, only) in cases in which such person is able to establish each of the following:

(1) Such transfer did not represent a willful violation of the provisions of this chapter by the person with whom such property was held or maintained;

(2) The person with whom such property was held or maintained did not have reasonable cause to know or suspect, in view of all the facts and circumstances known or available to such person, that such transfer required a license or authorization by or pursuant to the provisions of this chapter and was not so licensed or authorized or if a license or authorization did purport to cover the transfer, that such license or authorization had been obtained by misrepresentation or the withholding of material facts or was otherwise fraudulently obtained; and

(3) Promptly upon discovery that: (i) Such transfer was in violation of the provisions of this chapter or any regulation, ruling, instruction, license or other direction or authorization thereunder, or

(ii) Such transfer was not licensed or authorized by the Secretary of the Treasury, or

(iii) If a license did purport to cover the transfer, such license had been obtained by misrepresentation or the withholding of material facts or was otherwise fraudulently obtained;

the person with whom such property was held or maintained filed with the Treasury Department, Washington, DC 20220, a report in triplicate setting forth in full the circumstances relating to such transfer. The filing of a report in accordance with the provisions of this paragraph shall not be deemed to be compliance or evidence of compliance with paragraphs (d) (1) and (2) of this section.

(e) Unless licensed or authorized by § 500.504 or otherwise licensed or authorized pursuant to this chapter any attachment, judgment, decree, lien, execution, garnishment, or other judicial process is null and void with respect to any property in which on or since the "effective date" there existed the interest of a designated foreign country or national thereof.

(f) For the purpose of this section the term "property" includes gold, silver, bullion, currency, coin, credit, securities (as that term is defined in section 2(1) of the Securities Act of 1933, as amended) (48 Stat. 74; 15 U.S.C. 77(b)), bills of exchange, notes, drafts, acceptances, checks, letters of credit, book credits, debts, claims, contracts, negotiable documents of title, mortgages, liens, annuities, insurance policies, options and futures in commodities, and evidences of any of the foregoing. The term "property" shall not, except to the extent indicated, be deemed to include chattels or real property.

[15 FR 9040, Dec. 19, 1950, as amended at 41 FR 16553, Apr. 20, 1976]

§ 500.204 Importation of and dealings in certain merchandise.

(a) Except as specifically authorized by the Secretary of the Treasury (or any person, agency, or instrumentality designated by him) by means of regulations, or rulings, instructions, licenses, or otherwise, persons subject to the jurisdiction of the United States may not purchase, transport, import, or otherwise deal in or engage in any transaction with respect to any merchandise outside the United States specified in following paragraph (a)(1) of this section.

(1) Merchandise the country of origin of which is North Korea, North Viet-Nam, Cambodia, or South Viet-Nam. Articles which are the growth, produce or manufacture of these areas shall be deemed for the purposes of this chapter to be merchandise whose country of origin is North Korea, North Viet-Nam, Cambodia, or South Viet-Nam, notwithstanding that they may have been subjected to one or any combination of the following processes in another country:

(i) Grading; (ii) testing; (iii) checking; (iv) shredding; (v) slicing; (vi) peeling or splitting; (vii) scraping; (viii) cleaning; (ix) washing; (x) soaking; (xi) drying; (xii) cooling, chilling or refrigerating; (xiii) roasting; (xiv) steaming; (xv) cooking; (xvi) curing; (xvii) combining of fur skins into plates; (xviii) blending; (xix) flavoring; (xx) preserving; (xxi) pickling; (xxii) smoking; (xxiii) dressing; (xxiv) salting; (xxv) dyeing; (xxvi) bleaching; (xxvii) tanning; (xxviii) packing; (xxix) canning; (xxx) labeling; (xxxi) carding; (xxxii) combing; (xxxiii) pressing; (xxxiv) any process similar to any of the foregoing. Any article wheresoever manufactured shall be deemed for the purposes of this chapter to be merchandise whose country of origin is North Korea, North Viet-Nam, Cambodia, or South Viet-Nam, if there shall have been added to such articles any embroidery, needle point, petit point, lace or any other article of adornment which is the product of North Korea, North Viet-Nam, Cambodia, or South Viet-Nam, notwithstanding that such addition to the merchandise may have occurred in a country other than North Korea, North Viet-Nam, Cambodia, or South Viet-Nam.

[40 FR 19202, May 2, 1975, as amended at 41 FR 16553, Apr. 20, 1976; 45 FR 7224, Jan. 31, 1980]

§ 500.205 Holding of certain types of blocked property in interest-bearing accounts.

(a) Except as provided by paragraphs (d), (e) and (f) of this section, or as authorized by the Secretary of the Treasury or his delegate by specific license, any person holding any property included in paragraph (h) of this section is prohibited from holding, withholding, using, transferring, engaging in any transactions involving, or exercising any right, power, or privilege with respect to any such property, unless it is held in an interest-bearing account in a domestic bank.

(b) Any person presently holding property subject to the provisions of paragraph (a) of this section which, as of the effective date of this section, is not being held in accordance with the provisions of that paragraph, shall transfer such property to or hold such property or cause such property to be held in an interest-bearing account in any domestic bank within 30 days of the effective date of this section.

(c) Any person holding any checks or drafts subject to the provisions of § 500.201 is authorized and directed, wherever possible consistent with state law (except as otherwise specifically provided in paragraph (c)(3) of this section), to negotiate or present for collection or payment such instruments and credit the proceeds to interest-bearing accounts. Any transaction by any person incident to the negotiation, processing, presentment, collection or payment of such instruments and deposit of the proceeds into an interest-bearing account is hereby authorized: *Provided*, That:

(1) The transaction does not represent, directly or indirectly, a transfer of the interest of a designated national to any other country or person;

(2) The proceeds are held in a blocked account indicating the designated national who is the payee or owner of the instrument; and,

(3) In the case of a blocked check or draft which has been purchased by the maker/drawer from the drawee bank (*e.g.*, cashier's check, money order, or traveler's check) or which is drawn against a presently existing account, such bank, on presentment of the instrument in accordance with the provisions of this section, shall either: (i) Pay the instrument (subject to paragraphs (c) (1) and (2) of this section) or (ii) credit a blocked account on its books with the amount payable on the instrument. In either event, the blocked account shall be identified as resulting from the proceeds of a blocked check or draft, and the identification shall include a reference to the names of both the maker and payee of the instrument.

(d) Property subject to the provisions of paragraph (a) or (b) of this section, held by a person claiming a set-off against such property, is exempt from the provisions of paragraphs (a), (b) and (c) of this section to the extent of the set-off: *Provided however*, That interest shall be due from 30 days after the effective date of this section if it should ultimately be determined that the claim to a set-off is without merit.

(e) Property subject to the provisions of paragraphs (a) and (b) of this section, held in a customer's account by a registered broker/dealer in securities, may continue to be held for the customer by the broker/dealer provided interest is credited to the account on any balance not invested in securities in accordance with § 500.513. The interest paid on such accounts by a broker/dealer who does not elect to hold such property for a customer's account in a domestic bank shall not be less than the maximum rate payable on the shortest time deposit available in any domestic bank in the jurisdiction in which the broker/dealer holds the account.

(f) Property subject to the provisions of paragraphs (a) and (b) of this section, held by a state agency charged with the custody of abandoned or unclaimed property under § 500.561 may continue to be held by the agency provided interest is credited to the blocked account in which the property is held by the agency, or the property is held by the agency in a blocked account in a domestic bank. The interest credited to such accounts by an agency which does not elect to hold such property in a domestic bank shall not be less than the maximum rate payable on the shortest time deposit available in any domestic bank in the state.

(g) For purposes of this section, the term "interest-bearing account" means a blocked account earning interest at no less than the maximum rate payable on the shortest time deposit in the domestic bank where the account is held, provided however, that such an account may include six-month Treasury bills or insured certificates, with a maturity not exceeding six-months, appropriate to the amounts involved.

(h) The following types of property are subject to paragraphs (a) and (b) of this section:

(1) Any currency, bank deposit and bank accounts subject to the provisions of § 500.201;

(2) Any property subject to the provisions of § 500.201 which consists, in whole or in part, of undisputed and either liquidated or matured debts, claims, obligations or other evidence of indebtedness, to the extent of any amount that is undisputed and liquidated or matured; and,

(3) Any proceeds resulting from the payment of an obligation under paragraph (c) of this section.

(i) For purposes of this section, the term "domestic bank" includes any FSLIC-insured institution (as defined in 12 CFR 561.1).

(j) For the purposes of this section the term "person" includes the United States Government or any agency or instrumentality thereof, except where the agency or instrumentality submits to the Office of Foreign Assets Control an opinion of its General Counsel that either:

(1) It lacks statutory authority to comply with this section, or (2) the requirements of paragraphs (a) and (b) of this section are inconsistent with the statutory program under which it operates.

[44 FR 11766, Mar. 2, 1979]

Subpart C—General Definitions

§ 500.301 Foreign country.

The term "foreign country" also includes, but not by way of limitation:

(a) The state and the government of any such territory on or after the "effective date" as well as any political subdivision, agency, or instrumentality thereof or any territory, dependency, colony, protectorate, mandate, dominion possession or place subject to the jurisdiction thereof,

(b) Any other government (including any political subdivision, agency, or instrumentality thereof) to the extent and only to the extent that such government exercises or claims to exercise control, authority, jurisdiction or sovereignty over territory which on the "effective date" constituted such foreign country,

(c) Any person to the extent that such person is, or has been, or to the extent that there is reasonable cause to believe that such person is, or has been, since the "effective date", acting or purporting to act directly or indirectly for the benefit or on behalf of any of the foregoing, and

(d) Any territory which on or since the "effective date" is controlled or occupied by the military, naval or police forces or other authority of such foreign country.

§ 500.302 National.

(a) The term "national" shall include:

(1) A subject or citizen of a country or any person who has been domiciled in or a permanent resident of that country at any time on or since the "effective date," except persons who were resident or domiciled there in the service of the U.S. Government.

(2) Any partnership, association, corporation, or other organization, organized under the laws of, or which on or since the "effective date" had or has had its principal place of business in a foreign country, or which on or since such effective date was or has been controlled by, or a substantial part of the stock, shares, bonds, debentures, notes, drafts, or other securities or obligations of which, was or has been owned or controlled by, directly or indirectly, a foreign country and/or one or more nationals thereof as defined in this section.

(3) Any person to the extent that such person is, or has been, since the "effective date" acting or purporting to act directly or indirectly for the benefit or on behalf of any national of a foreign country.

(4) Any other person who there is reasonable cause to believe is a "national" as defined in this section.

(b) The Secretary of the Treasury retains full power to determine that any person is or shall be deemed to be a "national" within the meaning of this section, and to specify the foreign country of which such person is or shall be deemed to be a national.

[17 FR 5343, June 12, 1952, as amended at 50 FR 27436, July 3, 1985]

§ 500.303 Nationals of more than one foreign country.

(a) Any person who by virtue of any provision in this chapter is a national of more than one foreign country shall be deemed to be a national of each of such foreign countries.

(b) In any case in which a person is a national of two or more designated foreign countries, a license or authorization with respect to nationals of one of such designated foreign countries shall not be deemed to apply to such person unless a license or authoriza-

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tion of equal or greater scope is outstanding with respect to nationals of each other designated foreign country of which such person is a national.

(c) In any case in which the combined interests of two or more designated foreign countries and/or nationals thereof are sufficient in the aggregate to constitute control or ownership of 25 per centum or more of the stock, shares, bonds, debentures, notes, drafts, or other securities or obligations of a partnership, association, corporation or other organization, but such control or a substantial part of such stock, shares, bonds, debentures, notes, drafts, or other securities or obligations is not held by any one such foreign country and/or national thereof, such partnership, association, corporation or other organization shall be deemed to be a national of each of such foreign countries.

§ 500.305 Designated national.

The term "designated national" shall mean any country designated in § 500.201 and any national thereof including any person who is a specially designated national.

§ 500.306 Specially designated national.

(a) The term "specially designated national" shall mean:

(1) Any person who is determined by the Secretary of the Treasury to be a specially designated national,

(2) Any person who on or since the "effective date" has acted for or on behalf of the Government or authorities exercising control over any designated foreign country, or

(3) Any partnership, association, corporation or other organization which on or since the "effective date" has been owned or controlled directly or indirectly by the Government or authorities exercising control over any designated foreign country or by any specially designated national.

[15 FR 9040, Dec. 19, 1950, as amended at 41 FR 16554, Apr. 20, 1976]

§ 500.307 Unblocked national.

Any person licensed as an "unblocked national" shall, while so licensed, be regarded as a person within the United States who is not a national of any designated foreign country: *Provided, however,* That the licensing of any person as an "unblocked national" shall not be deemed to suspend in any way the requirements of any section of this chapter relating to reports, and the production of books, documents, records, etc.

§ 500.308 Person.

The term "person" means an individual, partnership, association, corporation, or other organization.

§ 500.309 Transactions.

The phrase "transactions which involve property in which any designated foreign country, or any national thereof, has any interest of any nature whatsoever, direct or indirect," includes, but not by way of limitation:

(a) Any payment or transfer to any such designated foreign country or national thereof, (b) any export or withdrawal from the United States to such designated foreign country, and (c) any transfer of credit, or payment of an obligation, expressed in terms of the currency of such designated foreign country.

§ 500.310 Transfer.

The term "transfer" shall mean any actual or purported act or transaction, whether or not evidenced by writing, and whether or not done or performed within the United States, the purpose, intent, or effect of which is to create, surrender, release, transfer, or alter, directly or indirectly, any right, remedy, power, privilege, or interest with respect to any property and without limitation upon the foregoing shall include the making, execution, or delivery of any assignment, power, conveyance, check, declaration, deed, deed of trust, power of attorney, power of appointment, bill of sale, mortgage, receipt, agreement, contract, certificate, gift, sale, affidavit or statement; the appointment of any agent trustee, or other fiduciary; the creation or transfer of any lien; the issuance, docketing, filing, or the levy of or under any judgment, decree, attachment, execution, or other judicial or administrative process or order, or the service of any garnishment; the acquisition of any interest of any nature whatsoever by reason of a judgment or decree of any foreign country; the fulfillment of any condition, or the exercise of any power of appointment, power of attorney, or other power.

§ 500.311 Property; property interests.

Except as defined in § 500.203(f) for the purposes of that section the terms "property" and "property interest" or "property interests" shall include, but not by way of limitation, money, checks, drafts, bullion, bank deposits, savings accounts, any debts, indebtedness obligations, notes, debentures, stocks, bonds, coupons, any other financial securities, bankers' acceptances, mortgages, pledges, liens or other right in the nature of security, warehouse receipts, bills of lading, trust receipts, bills of sale, any other evidences of title, ownership or indebtedness, powers of attorney, goods, wares, merchandise, chattels, stocks on hand, ships, goods on ships, real estate mortgages, deeds of trust, vendors' sales agreements, land contracts, real estate and any interest therein, leaseholds, ground rents, options, negotiable instruments, trade acceptances, royalties, book accounts, accounts payable, judgments, patents, trademarks, copyrights, contracts or licenses affecting or involving patents, trademarks or copyrights, insurance policies, safe deposit boxes and their contents, annuities, pooling agreements, contracts of any nature whatsoever, and any other property, real, personal, or mixed, tangible or intangible, or interest or interests therein, present, future, or contingent.

§ 500.312 Interest.

The term "interest" when used with respect to property shall mean an interest of any nature whatsoever, direct or indirect.

§ 500.313 Property subject to the jurisdiction of the United States.

(a) The phrase "property subject to the jurisdiction of the United States" includes, without limitation, securities, whether registered or bearer, issued by:

(1) The United States or any State, district, territory, possession, county, municipality, or any other subdivision or agency or instrumentality of any thereof; or

(2) Any person within the United States whether the certificate which evidences such property or interest is physically located within or outside the United States.

(b) The phrase "property subject to the jurisdiction of the United States" also includes, without limitation, securities, whether registered or bearer, by whomsoever issued, if the certificate evidencing such property or interest is physically located within the United States.

§ 500.314 Banking institution.

The term "banking institution" shall include any person engaged primarily or incidentally in the business of banking, of granting or transferring credits, or of purchasing or selling foreign exchange or procuring purchasers and sellers thereof, as principal or agent, or any person holding credits for others as a direct or incidental part of his business, or any broker; and, each principal, agent, home office, branch or correspondent of any person so engaged shall be regarded as a separate "banking institution."

§ 500.316 License.

Except as otherwise specified, the term "license" shall mean any license or authorization contained in or issued pursuant to this chapter.

[28 FR 6973, July 9, 1963]

§ 500.317 General license.

A general license is any license or authorization the terms of which are set forth in this chapter.

§ 500.318 Specific license.

A specific license is any license or authorization issued pursuant to this chapter but not set forth in this chapter.

§ 500.319 Blocked account.

The term "blocked account" shall mean an account in which any designated national has an interest, with respect to which account payments, transfers or withdrawals of other dealings may not be made or effected except pursuant to an authorization or license authorizing such action. The term "blocked account" shall not be deemed to include accounts of unblocked nationals.

§ 500.320 Domestic bank.

The term "domestic bank" shall mean any branch or office within the United States of any of the following which is not a national of any designated foreign country: Any bank or trust company incorporated under the banking laws of the United States or of any State, territory, or district of the United States, or any private bank or banker subject to supervision and examination under the banking laws of the United States, or of any state, territory or district of the United States. The Secretary of the Treasury may also authorize any other banking institution to be treated as a "domestic bank" for the purpose of this definition or for the purpose of any or all sections of this chapter.

§ 500.321 United States; continental United States.

The term "United States" means the United States and all areas under the jurisdiction or authority thereof, including U.S. trust territories and commonwealths. The term "continental United States" means the states of the United States and the District of Columbia.

[50 FR 27436, July 3, 1985]

§ 500.322 Authorized trade territory; member of the authorized trade territory.

(a) The term "authorized trade territory" shall include:

(1) North, South and Central America, including the Caribbean region, except Cuba;

(2) Africa;

(3) Oceania, including Indonesia and the Philippines;

(4) Andorra, Austria, Belgium, Cyprus, Denmark, Ireland, the Federal Republic of Germany and the Western Sector of Berlin, Finland, France (including Monaco), Greece, Iceland, Italy, Liechtenstein, Luxembourg, Malta, the Netherlands, Norway, Portugal, San Marino, Spain, Sweden, Switzerland, Turkey, the United Kingdom, Vatican City, and Yugoslavia.

(5) Afghanistan, Bangladesh, Bhutan, Burma, Hong Kong, India, Iran, Iraq, Israel, Japan, Jordan, Kuwait, Laos, Lebanon, Macao, Malaysia, Nepal, Oman, Pakistan, Qatar, Saudi Arabia, Singapore, South Korea, Sri Lanka (Ceylon), Syrian Arab Republic, Taiwan, Thailand, United Arab Emirates, and Yemen.

(6) Any colony, territory, possession, or protectorate of any country included within this paragraph; but the term shall not include the United States.

(b) The term "member of the authorized trade territory" shall mean any of the foreign countries or political subdivisions comprising the authorized trade territory.

(50 U.S.C. App. 5(b), E. O. 9193, 3 CFR 1943 Cum. Supp.; Treas. Dept. Order No. 128, 32 FR 3472)

[40 FR 19202, May 2, 1975, as amended at 41 FR 16554, Apr. 20, 1976; 42 FR 27199, May 27, 1977]

§ 500.323 Occupied area.

The term "occcupied area" shall mean any territory occupied by a designated foreign country which was not occupied by such country prior to June 25, 1950.

§ 500.325 National securities exchange.

The term "national securities exchange" shall mean an exchange registered as a national securities exchange under section 6 of the Securities Exchange Act of 1934 (48 Stat. 885, 15 U.S.C. 78f).

§ 500.326 Custody of safe deposit boxes.

Safe deposit boxes shall be deemed to be in the "custody" not only of all persons having access thereto but also of the lessors of such boxes whether or not such lessors have access to such boxes. The foregoing shall not in any way be regarded as a limitation upon the meaning of the term "custody".

§ 500.327 Blocked estate of a decedent.

The term "blocked estate of a decedent" shall mean any decedent's estate in which a designated national has an interest. A person shall be deemed to have an interest in a decedent's estate if he:

(a) Was the decedent;

(b) Is a personal representative; or

(c) Is a creditor, heir, legatee, devisee, distributee, or beneficiary.

§ 500.328 Status of those portions of Korea under control of the government of the Republic of Korea; and of the diplomatic and consular representatives of those countries.

(a) Those portions of Korea which are under the control of the government of the Republic of Korea are not included within the term designated foreign country.

(b) The diplomatic and consular representatives of the Republic of Korea are not deemed to be acting or purporting to act directly or indirectly for the benefit or on the behalf of any designated foreign country.

[41 FR 16554, Apr. 20, 1976, as amended at 45 FR 7224, Jan. 31, 1980]

§ 500.329 Person subject to the jurisdiction of the United States.

The term, "person subject to the jurisdiction of the United States," includes:

(a) Any individual, wherever located, who is a citizen or resident of the United States;

(b) Any person within the United States as defined in § 500.330;

(c) Any corporation organized under the laws of the United States or of any state, territory, possession, or district of the United States; and

(d) Any corporation, partnership, or association, wherever organized or doing business, that is owned or controlled by persons specified in paragraph (a) or (c) of this section.

[50 FR 27436, July 3, 1985]

§ 500.330 Person within the United States.

(a) The term, "person within the United States," includes:

(1) Any person, wheresoever located, who is a resident of the United States;

(2) Any person actually within the United States;

(3) Any corporation organized under the laws of the United States or of any state, territory, possession, or district of the United States; and

(4) Any partnership, association, corporation, or other organization, wheresoever organized or doing business, which is owned or controlled by any person or persons specified in paragraphs (a) (1), (2), or (3) of this section.

[20 FR 1379, Mar. 8, 1955]

§ 500.331 Merchandise.

The term "merchandise" means all goods, wares and chattels of every description without limitation of any kind.

[24 FR 1984, Mar. 18, 1959]

Subpart D—Interpretations

§ 500.401 Reference to amended sections.

Reference to any section of this chapter or to any regulation, ruling, order, instruction, direction or license issued pursuant to this chapter shall be deemed to refer to the same as currently amended unless otherwise so specified.

§ 500.402 Effect of amendment of sections of this chapter or of other orders, etc.

Any amendment, modification, or revocation of any section of this chapter or of any order, regulation, ruling, instruction, or license issued by or under the direction of the Secretary of the Treasury pursuant to section 3(a) or 5(b) of the Trading With the Enemy Act, as amended, shall not unless otherwise specifically provided be deemed to affect any act done or omitted to be done, or any suit or proceeding had or commenced in any civil or criminal case, prior to such amendment, modification, or revocation, and all penalties, forfeitures, and liabilities under any such section, order, regulation, ruling, instruction or license shall continue and may be enforced as if such amendment, modification, or revocation had not been made.

§ 500.403 Termination and acquisition of the interest of a designated national.

(a) Except as provided in § 500.525, whenever a transaction licensed or authorized by or pursuant to this chapter results in the transfer of property (including any property interest) away from a designated national, such property shall no longer be deemed to be property in which a designated national has or has had an interest unless there exists in such property an interest of a designated national, the transfer of which has not been effected pursuant to license or other authorization.

(b) Unless otherwise specifically provided in a license or authorization contained in or issued pursuant to this chapter, if property (including any property interest) is transferred to a designated national such property shall be deemed to be property in which there exists the interest of a designated national.

§ 500.404 Transactions between principal and agent.

A transaction between any person within the United States and any principal, agent, home office, branch, or correspondent, outside the United States of such person is a transaction prohibited by § 500.201 to the same extent as if the parties to the transaction were in no way affiliated or associated with each other.

§ 500.405 Exportation of securities, etc. to designated foreign countries.

Section 500.201 prohibits the exportation of securities, currency, checks, drafts and promissory notes to designated foreign countries.

§ 500.406 Drafts under irrevocable letters of credit; documentary drafts.

Section 500.201 prohibits the presentation, acceptance or payment of:

(a) Drafts or other orders for payment drawn under irrevocable letters of credit issued in favor or on behalf of any designated national;

(b) Drafts or other orders for payment, in which any designated national has on or since the "effective date" had any interest, drawn under any irrevocable letter of credit; and

(c) Documentary drafts in which any designated national has on or since the "effective date" had any interest.

§ 500.407 Administration of blocked estates of decedents.

Section 500.201 prohibits all transactions incident to the administration of the blocked estate of a decedent, including the appointment and qualification of personal representatives, the collection and liquidation of assets, the payment of claims, and distribution to beneficiaries. Attention is directed to § 500.523 which authorizes certain transactions in connection with the administration of blocked estates of decedents.

§ 500.408 Access to certain safe deposit boxes prohibited.

Section 500.201 prohibits access to any safe deposit box within the United States in the custody of any designated national or containing any property in which any designated national has any interest or which there is reasonable cause to believe contains property in which any such designated national has any interest. Attention is directed to § 500.517 which authorizes access to such safe deposit boxes under certain conditions.

§ 500.409 Certain payments to designated foreign countries and nationals through third countries.

Section 500.201 prohibits any request or authorization made by or on behalf of a bank or other person within the United States to a bank or other person outside of the United States as a result of which request or authorization such latter bank or person makes a payment or transfer of credit either directly or indirectly to a designated national.

[18 FR 2080, Apr. 14, 1953]

§ 500.410 Currency, coins, and postage and other stamps.

Currency, coins, and postage and other stamps issued by North Korea, North Viet-Nam, Cambodia, or South Viet-Nam are merchandise of North Korean, North Vietnamese, Cambodian, or South Vietnamese origin subject to § 500.204(a)(1).

[41 FR 16554, Apr. 20, 1976]

§ 500.411 Dealings abroad in commodities subject to the Regulations.

Section 500.204 prohibits the unlicensed importation into the United States of commodities of North

Korean, North Vietnamese, Cambodian, or South Vietnamese origin. It also prohibits, unless licensed, persons subject to the jurisdiction of the United States from purchasing, transporting or otherwise dealing with such commodities which are outside the United States.

[41 FR 16554, Apr. 20, 1976]

§ 500.412 Process vs. manufacture.

A commodity subject to § 500.204 remains subject howsoever it has been processed. It should not be assumed that a commodity which has undergone operations other than those listed in § 500.204(a)(1), has become a manufactured form of the commodity rather than a processed form thereof. In case of question, a ruling should be requested from the Office of Foreign Assets Control. Requests for rulings in the form of license applications or otherwise should include adequate technical detail. It should be noted that it is quite possible for merchandise to have North Korea, North Viet-Nam, Cambodia, or South Viet-Nam as its "country of origin" for Foreign Assets Control purposes while having some other country as its "country of origin" for marking or statistical purposes.

[41 FR 16554, Apr. 20, 1976]

Subpart E—Licenses, Authorizations and Statements of Licensing Policy

§ 500.502 Effect of subsequent license or authorization.

No license or other authorization contained in this chapter or otherwise issued by or under the direction of the Secretary of the Treasury pursuant to section 3(a) or 5(b) of the Trading With the Enemy Act, as amended, shall be deemed to authorize or validate any transaction effected prior to the issuance thereof, unless such license or other authorization specifically so provides.

§ 500.503 Exclusion from licenses and authorizations.

The Secretary of the Treasury reserves the right to exclude from the operation of any license or from the privilege therein conferred or to restrict the applicability thereof with respect to particular persons, transactions or property or classes thereof. Such action shall be binding upon all persons receiving actual notice or constructive notice thereof.

§ 500.504 Certain judicial proceedings with respect to property of designated nationals.

(a) Subject to the limitations of paragraphs (b), (c) and (d) of this section judicial proceedings are authorized with respect to property in which on or since the "effective date" there has existed the interest of a designated national.

(b) A judicial proceeding is authorized by this section only if it is based upon a cause of action which accrued prior to the "effective date."

(c) This section does not authorize or license:

(1) The entry of any judgment or of any decree or order of similar or analogous effect upon any judgment book, minute book, journal or otherwise, or the docketing of any judgment in any docket book, or the filing of any judgment roll or the taking of any other similar or analogous action.

(2) Any payment or delivery out of a blocked account based upon a judicial proceeding nor does it authorize the enforcement or carrying out of any judgment or decree or order of similar or analogous effect with regard to any property in which a designated national has an interest.

(d) If a judicial proceeding relates to property in which there exists the interest of any designated national other than a person who would not have been a designated national except for his relationship to an occupied area, such proceeding is authorized only if it is based upon a claim in which no person other than any of the following has had an interest since the "effective date":

(1) A citizen of the United States;

(2) A corporation organized under the laws of the United States or any State, territory or possession thereof, or the District of Columbia;

(3) A natural person who is and has been since the "effective date" a resident of the United States and who has

not been a specially designated national;

(4) A legal representative (whether or not appointed by a court of the United States) or successor in interest by inheritance, device, bequest, or operation of law, who falls within any of the categories specified in paragraphs (d) (1), (2) and (3) of this section but only to the same extent that their principals or predecessors would be qualified by such paragraph.

§ 500.505 Certain persons unblocked.

(a) The following persons are hereby licensed as unblocked nationals:

(1) Any individual resident in the United States who is not a specially designated national; and

(2) Any corporation, partnership or association that would be a designated national solely because of the interest therein of an individual licensed in paragraph (a) or (b) of this section as an unblocked national.

(b) Individual nationals of a designated country who take up residence in the authorized trade territory may apply to the Office of Foreign Assets Control to be specifically licensed as unblocked nationals.

(c) The licensing of any person as an unblocked national shall not suspend the requirements of any section of this chapter relating to the maintenance or production of records.

[50 FR 27436, July 3, 1985]

§§ 500.506—500.507 [Reserved]

§ 500.508 Payments to blocked accounts in domestic banks.

(a) Any payment or transfer of credit to a blocked account in a domestic bank in the name of any designated national is hereby authorized providing such payment or transfer shall not be made from any blocked account if such payment or transfer represents, directly or indirectly, a transfer of the interest of a designated national to any other country or person.

(b) This section does not authorize:

(1) Any payment or transfer to any blocked account held in a name other than that of the designated national who is the ultimate beneficiary of such payment or transfer; or

(2) Any foreign exchange transaction including, but not by way of limitation, any transfer of credit, or payment of an obligation, expressed in terms of the currency of any foreign country.

(c) This section does not authorize any payment or transfer of credit comprising an integral part of a transaction which cannot be effected without the subsequent issuance of a further license.

(d) This section does not authorize the crediting of the proceeds of the sale of securities held in a blocked account or a sub-account thereof, or the income derived from such securities, to a blocked account or sub-account under any name or designation which differs from the name or designation of the specific blocked account or sub-account in which such securities are held.

(e) This section does not authorize any payment or transfer from a blocked account in a domestic bank to a blocked account in another domestic bank held under any name or designation which differs from the name or designation of the specific blocked account or sub-account from which the payment or transfer is made.

(f) The authorization in paragraph (a) of this section is subject to the condition that a notification from the domestic bank receiving an authorized payment or transfer is furnished by the transferor to the Office of Foreign Assets Control confirming that the payment or transfer has been deposited in a blocked account under the regulations in this part and providing the name and address of the designated national in whose name the account is held.

[40 FR 7649, Feb. 21, 1975]

§ 500.509 Entries in certain accounts for normal service charges.

(a) Any banking institution within the United States is hereby authorized to:

(1) Debit any blocked account with such banking institution (or with another office within the United States of such banking institution) in payment or reimbursement for normal service charges owed to such banking

institution by the owner of such blocked account.

(2) Make book entries against any foreign currency account maintained by it with a banking institution in any designated foreign country for the purpose of responding to debits to such account for normal service charges in connection therewith.

(b) As used in this section, the term "normal service charge" shall include charges in payment or reimbursement for interest due; cable, telegraph, or telephone charges; postage costs; custody fees; small adjustment charges to correct bookkeeping errors; and, but not by way of limitation, minimum balance charges, account carrying charges, notary and protest fees, and charges for reference books, photostats, credit reports, transcripts of statements, registered mail insurance, stationery and supplies, check books, and other similar items.

§ 500.510 Payments to the United States, States and political subdivisions.

(a) The payment from any blocked account to the United States or any agency or instrumentality thereof or to any State, territory, district, county, municipality or other political subdivision in the United States, of customs duties, taxes, and fees payable thereto by the owner of such blocked account is hereby authorized.

(b) This section also authorizes transactions incident to the payment of customs duties, taxes, and fees from blocked accounts, such as the levying of assessment, the creation and enforcement of liens, and the sale of blocked property in satisfaction of liens for customs duties, taxes, and fees.

§ 500.511 Transactions by certain business enterprises.

(a) Except as provided in paragraphs (b), (c) and (d) of this section any partnership, association, corporation or other organization which on the "effective date" was actually engaged in a commercial, banking or financial business within the United States and which is a national of any designated foreign country, is hereby authorized to engage in all transactions ordinarily incidental to the normal conduct of its business activities within the United States.

(b) This section does not authorize any transaction which would require a license if such organization were not a national of any designated foreign country.

(c) This section does not authorize any transaction by a specially designated national.

(d) Any organization engaging in business pursuant to this section shall not engage in any transaction, pursuant to this section or any other license or authorization contained in this chapter, which, directly or indirectly, substantially diminishes or imperils the assets of such organization or otherwise prejudicially affects the financial position of such organization.

(e) No dealings with regard to any account shall be evidence that any person having an interest therein is actually engaged in commercial, banking or financial business within the United States.

§ 500.513 Purchase and sale of certain securities.

(a) The bona fide purchase and sale of securities on a national securities exchange by banking institutions within the United States for the account, and pursuant to the authorization, of nationals of any designated foreign country and the making and receipt of payments, transfers of credit, and transfers of such securities which are necessary incidents of any such purchase or sale are hereby authorized provided the following terms and conditions are complied with:

(1) In the case of the purchase of securities, the securities purchased shall be held in an account in a banking institution within the United States in the name of the national whose account was debited to purchase such securities; and

(2) In the case of the sale of securities, the proceeds of the sale shall be credited to an account in the name of the national for whose account the sale was made and in the banking institution within the United States which held the securities of such national.

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(b) This section does not authorize the crediting of the proceeds of the sale of securities held in a blocked account or a subaccount thereof, to a blocked account or subaccount under any name or designation which differs from the name or designation of the specific blocked account or subaccount in which such securities were held.

(c) Securities issued or guaranteed by the Government of the United States or any State, territory, district, county, municipality, or other political subdivision thereof (including agencies and instrumentalities of the foregoing) need not be purchased or sold on a national securities exchange, but purchases or sales of such securities shall be made at market value and pursuant to all other terms and conditions prescribed in this section.

§ 500.514 Payment of dividends and interest on and redemption and collection of securities.

(a) The payment to, and receipt by, a banking institution within the United States of funds or other property representing dividends or interest on securities held by such banking institution in a blocked account is hereby authorized provided the funds or other property are credited to or deposited in a blocked account in such banking institution in the name of the national for whose account the securities were held. Not withstanding § 500.202, this paragraph authorizes the foregoing transactions although such securities are registered or inscribed in the name of any designated national and although the national in whose name the securities are registered or inscribed may not be the owner of such blocked account.

(b) The payment to, and receipt by, a banking institution within the United States of funds payable in respect of securities (including coupons) presented by such banking institution to the proper paying agents within the United States for redemption or collection for the account and pursuant to the authorization of nationals of any designated country is hereby authorized provided the proceeds of the redemption or collection are credited to a blocked account in such banking institution in the name of the national for whose account the redemption or collection was made.

(c) The performance of such other acts, and the effecting of such other transactions, as may be necessarily incident to any of the foregoing, are also hereby authorized.

(d) This section does not authorize the crediting of the proceeds of the redemption or collection of securities (including coupons) held a blocked account or a subaccount thereof, or the income derived from such securities to a blocked account or subaccount under any name or designation which differs from the name or designation of the specific blocked account or subaccount in which such securities were held.

(e) This section does not authorize any issuer or other obligor, with respect to a security, who is a designated national, to make any payment, transfer or withdrawal.

§ 500.515 Transfers of securities to blocked accounts in domestic banks.

(a) Transactions ordinarily incident to the transfer of securities from a blocked account in the name of any person to a blocked account in the same name in a domestic bank are hereby authorized provided such securities shall not be transferred from any blocked account if such transfer represents, directly or indirectly, a transfer of the interest of a designated national to any other country or person.

(b) This section does not authorize the transfer of securities held in a blocked account or subaccount thereof to a blocked account or subaccount under any name or designation which differs from the name or designation of the specific blocked account or subaccount in which such securities were held.

[32 FR 10846, July 25, 1967]

§ 500.516 Voting and soliciting of proxies on securities.

Notwithstanding § 500.202, the voting and the soliciting of proxies or other authorizations is authorized with respect to the voting of securities issued by a corporation organized under the laws of the United States or of any State, territory, or district thereof, in which a designated national has any interest.

§ 500.517 Access to safe deposit boxes under certain conditions.

(a) Access to any safe deposit box leased to a designated national or containing property in which any designated national has an interest, and the deposit therein or removal therefrom of any property is hereby authorized, provided the following terms and conditions are complied with:

(1) Access shall be permitted only in the presence of an authorized representative of the lessor of such box; and

(2) In the event that any property in which any designated national has any interest is to be removed from such box, access shall be permitted only in the presence of an authorized representative of a banking institution within the United States, which may be the lessor of such box, which shall receive such property into its custody immediately upon removal from such box and which shall hold the same in a blocked account under an appropriate designation indicating the interest therein of designated nationals.

(b) The terms and conditions set forth in paragraph (a) of this section shall not apply to access granted to a representative of the Office of Alien Property pursuant to any rule, regulation or order of such Office.

(c) The lessee or other person granted access to any safe deposit box pursuant to this section (except an agent or representative of the Office of Alien Property) shall furnish to the lessor a certificate in triplicate that he has filed or will promptly file a report with respect to such box, if leased to a designated national, and with respect to all property contained in the box to which access is had in which any designated national has an interest. The lessor shall transmit two copies of such certificate to the Treasury Department, Washington, D.C. The certificate is required only on the first access to the box. In case a report on Form TFR-603 was not made, a report is hereby required to be filed. All reports made pursuant to this section shall bear on their face or have securely attached to them a statement reading, "this report is filed pursuant to 31 CFR 500.517".

[15 FR 9040, Dec. 19, 1950, as amended at 35 FR 4045, Mar. 4, 1970]

§ 500.518 Payments for living, traveling, and similar personal expenses in the United States.

(a) Payments and transfers of credit in the United States from blocked accounts in domestic banking institutions held in the name of an individual within the United States to or upon the order of such individual are hereby authorized provided the following terms and conditions are complied with:

(1) Such payments and transfers of credit may be made only for the living, traveling, and similar personal expenses in the United States of such individual or his family; and

(2) The total of all such payments and transfers of credit made under this section from the accounts of such individual may not exceed $250 in any one calendar month.

(b) This section does not authorize any payment or transfer from an account in which a specially designated national has an interest.

[28 FR 6973, July 9, 1963]

§ 500.519 Limited payments from accounts of United States citizens abroad.

(a) Payments and transfers of credit from blocked accounts for expenditures within the United States or the authorized trade territory of any citizen of the United States who is within any foreign country are hereby authorized provided the following terms and conditions are complied with:

(1) Such payments and transfers shall be made only from blocked accounts in the name of, or in which the beneficial interest is held by, such citizen or his family; and

(2) The total of all such payments and transfers made under this section shall not exceed $1,000 in any one calendar month for any such citizen or his family.

(b) This section does not authorize any remittance to any designated foreign country or, any payment, transfer, or withdrawal which could not be effected without a license by a person within the United States who is not a national of any designated foreign country.

§ 500.520 Payments from accounts of United States citizens in employ of United States in foreign countries and certain other persons.

(a) Banking institutions within the United States are hereby authorized to make all payments, transfers and withdrawals from accounts in the name of citizens of the United States while such citizens are within any foreign country in the course of their employment by the Government of the United States.

(b) Banking institutions within the United States are also hereby authorized to make all payments, transfers and withdrawals from accounts in the name of members of the armed forces of the United States and of citizens of the United States accompanying such armed forces in the course of their employment by any organization acting on behalf of the Government of the United States while such persons are within any foreign country.

(c) This section is deemed to apply to the accounts of members of the armed forces of the United States and of citizens of the United States accompanying such armed forces in the course of their employment by the Government of the United States or by any organization acting on its behalf even though they are captured or reported missing.

§ 500.521 Certain remittances for necessary living expenses.

(a) Remittances by any person to any individual who is a resident of a foreign country and is within that foreign country are hereby authorized on the following terms and conditions:

(1) Such remittances are made only for the necessary living expenses of the payee and his household and do not exceed $100 in any one calendar month to any one household;

(2) Such remittances are not made from a blocked account other than from an account in a banking institution within the United States in the name of, or in which the beneficial interest is held by, the payee or members of his household;

(3) Such remittances are not made from a blocked account which is blocked pursuant to Executive Order No. 8389, as amended;

(4) If the payee is within any designated foreign country, such remittances must be made through a domestic bank and any domestic bank is authorized to effect such remittances which, however, may be effected only by the payment of the dollar amount of the remittance to a domestic bank for credit to a blocked account in the name of a banking institution within such country.

(b) This section does not authorize any remittance to, or for the benefit of, a specially designated national who is not within a designated foreign country.

(c) This section does not authorize any remittance to an individual for the purpose of defraying the expenses of a person not constituting part of his household.

(d) As used in this section, the term "household" shall mean:

(1) Those individuals sharing a common dwelling as a family; or

(2) Any individual not sharing a common dwelling with others as a family.

[28 FR 6974, July 9, 1963]

§ 500.522 Certain remittances to United States citizens in foreign countries.

(a) Remittances by any person through any domestic bank to any individual who is a citizen of the United States within any foreign country are hereby authorized and any domestic bank is authorized to effect such remittances, on the following terms and conditions:

(1) Such remittances do not exceed $1,000 in any one calendar month to any payee and his household and are made only for the necessary living and traveling expenses of the payee and his household, except that an additional sum not exceeding $1,000 may be remitted once to such payee if such sum will be used for the purpose of enabling the payee or his household to return to the United States;

(2) Such remittances are not made from a blocked account other than from an account in a banking institu-

tion within the United States in the name of, or in which the beneficial interest is held by, the payee or members of his household;

(3) If the payee is within any designated foreign country, such remittances must be made through a domestic bank and must be effected by the payment of the dollar amount of remittance to a domestic bank for credit to a blocked account in the name of a banking institution within such country.

(b) This section does not authorize any remittance to an individual for the purpose of defraying the expenses of a person not constituting part of his household.

(c) As used in this section, the term "household" shall mean:

(1) Those individuals sharing a common dwelling as a family; or

(2) Any individual not sharing a common dwelling with others as a family.

§ 500.523 Transactions incident to the administration of decedents' estates.

(a) The following transactions are authorized in connection with the administration of the assets in the United States of any blocked estate of a decedent:

(1) The appointment and qualification of a personal representative;

(2) The collection and preservation of such assets by such personal representative and the payment of all costs, fees and charges in connection therewith; and

(3) The payment by such personal representative of funeral expenses and expenses of the last illness.

(b) In addition to the authorization contained in paragraph (a) of this section, all other transactions incident to the administration of assets situated in the United States of any blocked estate of a decedent are authorized if:

(1) The decedent was not a national of a designated foreign country at the time of his death;

(2) The decedent was a citizen of the United States and a national of a designated foreign country at the time of his death solely by reason of his presence in a designated foreign country as a result of his employment by, or service with the United States Government; or

(3) The gross value of the assets within the United States does not exceed $5,000.

(c) Any property or interest therein distributed pursuant to this section to a designated national shall be regarded for the purpose of this chapter as property in which such national has an interest and shall accordingly be subject to all the pertinent sections of this chapter. Any payment or distribution of any funds, securities or other choses in action to a designated national shall be made by deposit in a blocked account in a domestic bank or with a public officer, agency, or instrumentality designated by a court having jurisdiction of the estate. Any such deposit shall be made in one of the following ways:

(1) In the name of the national who is the ultimate beneficiary thereof;

(2) In the name of a person who is not a national of a designated foreign country in trust for the national who is the ultimate beneficiary; or

(3) Under some other designation which clearly shows the interest therein of such national.

(d) Any distribution of property authorized pursuant to this section may be made to a trustee of any testamentary trust or to the guardian of an estate of a minor or of an incompetent.

(e) This section does not authorize:

(1) Any designated national to act as personal representative or co-representative of any estate;

(2) Any designated national to represent, directly or indirectly, any person who has an interest in an estate;

(3) Any designated national to take distribution of any property as the trustee of any testamentary trust or as the guardian of an estate of a minor or of an incompetent; or

(4) Any transaction which could not be effected if no designated national had any interest in such estate.

(f) Any payment or distribution authorized by this section may be deposited in a blocked account in a domestic bank or with a public officer, agency, or instrumentality designated by the court having jurisdiction of the estate in one of the ways prescribed in paragraphs (c) (1), (2) or (3) of this section, but this section does not authorize any other transaction directly or indirectly at the request, or upon the instructions of any designated national.

§ 500.524 Payment from, and transactions in the administration of certain trusts and estates.

(a) Any bank or trust company incorporated under the laws of the United States, or of any State, territory, or district of the United States, or any private bank subject to supervision and examination under the banking laws of any State of the United States, acting as trustee of any trust administered in the United States or as legal representative of any estate of an infant or incompetent administered in the United States, in which trust or estate one or more persons who are nationals of a designated foreign country have an interest, beneficial or otherwise, or are co-trustees or co-representatives, is hereby authorized to engage in the following transactions:

(1) Payments of distributive shares of principal or income to all persons legally entitled thereto upon the condition prescribed in paragraph (b) of this section.

(2) Other transactions arising in the administration of such trust or estate which might be engaged in if no national of a designated foreign country were a beneficiary, co-trustee or co-representative of such trust or estate upon the condition prescribed in paragraph (b) of this section.

(b) Any payment or distribution of any funds, securities or other choses in action to a national of a designated foreign country under this section shall be made by deposit in a blocked account in a domestic bank in the name of the national who is the ultimate beneficiary thereof.

(c) Any payment or distribution into a blocked account in a domestic bank in the name of any such national of a designated foreign country who is the ultimate beneficiary of and legally entitled to any such payment or distribution is authorized by this section, but this section does not authorize such trustee or legal representative to engage in any other transaction at the request, or upon the instructions, of any beneficiary, co-trustee or co-representative of such trust or estate or other person who is a national of any designated foreign country.

§ 500.525 Certain transfers by operation of law.

(a) The following transfers by operation of law are hereby authorized:

(1) Any transfer of any dower, curtesy, community property, or other interest of any nature whatsoever provided that such transfer arises solely as a consequence of the existence or change of marital status;

(2) Any transfer to any person by intestate succession.

(3) Any transfer to any person as administrator, executor, or other fiduciary by reason of any testamentary disposition; and

(4) Any transfer to any person as administrator, executor, or fiduciary by reason of judicial appointment or approval in connection with any testamentary disposition or intestate succession.

(b) Except to the limited extent authorized by § 500.523 or by any other license or authorization contained in or issued pursuant to this chapter no transfer to any person by intestate succession and no transfer to any person as administrator, executor, or other fiduciary by reason of any testamentary disposition, and no transfer to any person as administrator, executor, or fiduciary by reason of judicial appointment or approval in connection with any testamentary disposition or intestate succession shall be deemed to terminate the interest of the decedent in the property transferred if the decedent was a designated national.

(c) This section does not authorize any dealings in property by any person.

[25 FR 1910, Mar. 4, 1960]

§ 500.526 Transactions involving blocked life insurance policies.

(a) The following transactions are hereby authorized:

(1) The payment of premiums and interest on policy loans with respect to any blocked life insurance policy;

(2) The issuance, servicing or transfer of any blocked life insurance policy

in which the only blocked interest is that of one or more of the following:

(i) A member of the armed forces of the United States or a person accompanying such forces (including personnel of the American Red Cross, and similar organizations);

(ii) An officer or employee of the United States; or

(iii) A citizen of the United States resident in a designated foreign country; and

(3) The issuance, servicing or transfer of any blocked life insurance policy in which the only blocked interest (other than that of a person specified in paragraph (a) (2) of this section) is that of a beneficiary.

(b) Paragraph (a) of this section does not authorize:

(1) Any payment to the insurer from any blocked account except a blocked account of the insured or beneficiary, or

(2) Any payment by the insurer to a national of a designated foreign country unless payment is made by deposit in a blocked account in a domestic bank in the name of the national who is the ultimate beneficiary thereof.

(c) The application, in accordance with the provisions of the policy or the established practice of the insurer, of the dividends, cash surrender value, or loan value, of any blocked life insurance policy is also hereby authorized for the purposes of:

(1) Paying premiums;

(2) Paying policy loans and interest thereon;

(3) Establishing paid-up insurance; or

(4) Accumulating such dividends or values to the credit of the policy on the books of the insurer.

(d) As used in this section: (1) The term "blocked life insurance policy" shall mean any life insurance policy or annuity contract, or contract supplementary thereto, in which there is a blocked interest.

(2) Any interest of a national of a designated foreign country shall be deemed to be a "blocked interest."

(3) The term "servicing" shall mean the following transactions with respect to any blocked life insurance policy:

(i) The payment of premiums, the payment of loan interest, and the repayment of policy loans;

(ii) The effecting by a life insurance company or other insurer of loans to an insured;

(iii) The effecting on behalf of an insured of surrenders, conversions, modifications, and reinstatements; and

(iv) The exercise or election by an insured of non-forfeiture options, optional modes of settlement, optional disposition of dividends, and other policy options and privileges not involving payment by the insurer.

(4) The term "transfer" shall mean the change of beneficiary, or the assignment or pledge of the interest of an insured in any blocked life insurance policy subsequent to the issuance thereof.

(e) This section does not authorize any transaction with respect to any blocked life insurance policy issued by a life insurance company or other insurer which is a national of a designated foreign country or which is not doing business or effecting insurance in the United States.

§ 500.527 Certain transactions with respect to United States patents, trademarks, and copyrights.

(a) There are hereby authorized: (1) The filing in the United States Patent Office of applications for letters patent and for trademarks registration;

(2) The making and filing in the United States Copyright Office of applications for registration or renewal of copyrights;

(3) The prosecution in the United States Patent Office of applications for letters patent and for trademarks registration;

(4) The receipt of letters patent or trademark registration certificates or copyright registration or renewal certificates granted pursuant to any such applications in which any designated national has at any time on or since the "effective date" had any interest.

(b) This section further authorizes, subject to the terms and conditions prescribed in paragraphs (c) and (d) of this section, the execution and recording of any instrument recordable in the United States Patent Office or the United States Copyright Office which affects title to or grants any interest in, including licenses under, any United States letters patent, trademark registration, copyright or renewal thereof, or application therefor, in which a designated national, who is such a national solely by reason of his relationship to an occupied area, has at any time on or since the "effective date" had any interest, or which constitutes or evidences a transaction made by, or on behalf of, or pursuant to the direction of or with such a designated national, or if any of the parties to such instrument is such a designated national.

(c) Any such instrument the recording or the execution and recording of which is authorized by paragraph (b) of this section shall be recorded in the United States Patent Office or in the United States Copyright Office within ninety days of the date of execution thereof or ninety days from the "effective date" whichever is the longer period, or within such further time as may be allowed by the Secretary of the Treasury. The person presenting such instrument for recording shall file therewith in the United States Patent Office or United States Copyright Office a statement that such instrument is being recorded in accordance with the provisions of this section.

(d) Any such instrument the recording or the execution and recording of which is authorized by paragraph (b) of this section may be set aside by the Secretary of the Treasury at any time within a period of three years from the date of recording except that the Secretary of the Treasury may in his discretion reduce such period of time with respect to any such instrument after the recording thereof, and further, the patents, trademarks, interests, applications, or rights thereunder so transferred may be vested by the Secretary of the Treasury.

(e) This section also authorizes the payment from blocked accounts or otherwise, of fees currently due to the United States Government in connection with any transactions authorized by this section.

(f) This section further authorizes the payment from blocked accounts or otherwise of the reasonable and customary fees and charges currently due to attorneys or representatives within the United States in connection with the transactions referred to in paragraphs (a), (b), and (e) of this section, provided that such payment shall not exceed (1) $100 for the preparation, filing, and prosecution of any letters patent; or (2) $50 for the preparation, filing and prosecution of any application for a trademark registration; or (3) $25 for the securing and registration of any copyright; or (4) $35 for the preparation and filing of any amendment to a pending application for letters patent or for a trademark registration.

(g) This section also authorizes the payment of a nominal consideration not exceeding one dollar, to any party to an instrument executed or recorded hereunder with respect to the property affected by such instrument, as long as such instrument is subject to being set aside in accordance with paragraph (d) of this section.

§ 500.528 Certain transactions with respect to blocked foreign patents, trademarks and copyrights authorized.

(a) The following transactions by any person who is not a designated national are hereby authorized:

(1) The filing and prosecution of any application for a blocked foreign patent, trademark or copyright, or for the renewal thereof;

(2) The receipt of any blocked foreign patent, trademark or copyright;

(3) The filing and prosecution of opposition or infringement proceedings with respect to any blocked foreign patent, trademark, or copyright, and the prosecution of a defense to any such proceedings;

(4) The payment of fees currently due to the government of any foreign country, either directly or through an attorney or representative, in connection with any of the transactions authorized by paragraphs (a) (1), (2) and (3) of this section or for the maintenance of any blocked foreign patent, trademark or copyright; and

(5) The payment of reasonable and customary fees currently due to attorneys or representatives in any foreign country incurred in connection with any of the transactions authorized by paragraphs (a) (1), (2), (3) or (4) of this section.

(b) Payments effected pursuant to the terms of paragraphs (a) (4) and (5) of this section may not be made from any blocked account.

(c) As used in this section the term "blocked foreign patent, trademark, or copyright" shall mean any patent, petty patent, design patent, trademark or copyright issued by any foreign country, in which a designated foreign country or national thereof has an interest, including any patent, petty patent, design patent, trademark, or copyright issued by a designated foreign country.

[15 FR 9040, Dec. 19, 1950, as amended at 50 FR 27437, July 3, 1985]

§ 500.529 Powers of attorney.

(a) No power of attorney, whether granted before or after the "effective date" shall be invalid by reason of any of the provisions of this chapter with respect to any transaction licensed by or pursuant to the provisions of this chapter.

(b) This section does not authorize any transaction pursuant to a power of attorney if such transaction is prohibited by § 500.201 and is not otherwise licensed or authorized by or pursuant to this chapter.

(c) This section does not authorize the creation of any power of attorney in favor of any person outside of the United States or the exportation from the United States of any power of attorney.

§ 500.530 Exportation of powers of attorney or instructions relating to certain types of transactions.

(a) The exportation to any foreign country of powers of attorney or other instruments executed or issued by any person within the United States who is not a national of a designated foreign country, which are limited to authorizations or instructions to effect transactions incident to the following, are hereby authorized upon the condition prescribed in paragraph (b) of this section:

(1) The representation of the interest of such person in a decedent's estate which is being administered in any designated foreign country and the collection of the distributive share of such person in such estate;

(2) The maintenance, preservation, supervision or management of any property located in any designated foreign country in which such person has an interest; and

(3) The conveyance, transfer, release, sale or other disposition of any property specified in paragraph (a)(1) of this section or any real estate or tangible personal property if the value thereof does not exceed the sum of $5,000 or its equivalent in foreign currency.

(b) No instrument which authorizes the conveyance, transfer, release, sale or other disposition of any property may be exported under this section unless it contains an express stipulation that such authority may not be exercised if the value of such property exceeds the sum of $5,000 or the equivalent thereof in foreign currency.

(c) As used in this section, the term "tangible personal property" shall not include cash, bullion, deposits, credits, securities, patents, trademarks, or copyrights.

§ 500.533 Transactions incident to exportations to designated countries.

(a) All transactions ordinarily incident to the exportation of goods, wares and merchandise from the United States to any person within a designated foreign country are hereby authorized, provided the following terms and conditions are complied with:

(1) The exportation is licensed or otherwise authorized by the Department of Commerce under the provisions of the Export Administration Act of 1969 (section 4, 88 Stat. 842, 50 U.S.C. App. 2403);

(2) Banking institutions within the United States, prior to issuing, confirming or advising letters of credit, or accepting or paying drafts drawn, or reimbursing themselves for payments made, under letters of credit, or

making any other payment or transfer of credit, in connection with any exportation pursuant to this section, or engaging in any other transaction herein authorized, shall satisfy themselves that:

(i) Each such transaction is incident to a bona fide exportation and is customary in the normal course of business, and that the value of such exportation reasonably corresponds with the sums of money involved in financing such transaction; and (ii) such exportation is made pursuant to all the terms and conditions of this section.

(b) This section does not authorize:

(1) The financing of any transaction from any blocked account;

(2) Any transaction involving, directly or indirectly, property in which any designated national, other than a person located in the country to which the exportation is consigned, has an interest, or has had an interest since the "effective date".

[15 FR 9040, Dec. 19, 1950, as amended at 18 FR 2080, Apr. 14, 1953; 22 FR 10121, Dec. 18, 1957; 41 FR 16554, Apr. 20, 1976]

§ 500.535 Exchange of certain securities.

(a) Subject to the limitations and conditions of paragraph (b) of this section and notwithstanding § 500.202 of this chapter, any banking institution within the United States is authorized to engage in the following transactions with respect to securities listed on a national securities exchange, including the withdrawal of such securities from blocked accounts:

(1) Exchange of certificates necessitated by reason of changes in corporate name, par value or capitalization,

(2) Exchanges of temporary for permanent certificates,

(3) Exchanges or deposits under plans of reorganization,

(4) Exchanges under refunding plans, or

(5) Exchanges pursuant to conversion privileges accruing to securities held.

(b) This section does not authorize the following transactions:

(1) Any exchange of securities unless the new securities and other proceeds, if any, received are deposited in the blocked account in which the original securities were held immediately prior to the exchange.

(2) Any exchange of securities registered in the name of any designated national, unless the new securities received are registered in the same name in which the securities exchanged were registered prior to the exchange.

(3) Any exchange of securities issued by a person engaged in the business of offering, buying, selling, or otherwise dealing, or trading in securities, or evidences thereof, issued by another person.

(4) Any transaction with respect to any security by an issuer or other obligor who is a designated national.

[16 FR 767, Jan. 27, 1951]

§ 500.536 Certain transactions with respect to merchandise affected by § 500.204.

(a) With respect to merchandise the importation of which is prohibited by § 500.204, all Customs transactions are authorized except the following:

(1) Entry for consumption (including any appraisement entry, any entry of goods imported in the mails, regardless of value, and any other informal entries);

(2) Entry for immediate exportation;

(3) Entry for transportation and exportation;

(4) Withdrawal from warehouse;

(5) Transfer or withdrawal from a foreign-trade zone; or

(6) Manipulation or manufacture in a warehouse or in a foreign-trade zone.

(b) Paragraph (a) of this section is intended solely to allow certain restricted disposition of merchandise which is imported without proper authorization. Paragraph (a) does not authorize the purchase or importation of any merchandise.

(c) The purchase outside the United States for importation into the United States of merchandise specified in § 500.204 (other than merchandise to which § 500.204(a)(1) is applicable) and the importation of such merchandise into the United States (including transactions listed in paragraph (a) of this section) are authorized if there is presented to the collector of customs in connection with such importation the original of an appropriate certificate of origin as defined in paragraph (d) of this section and provided that the merchandise was shipped to the United States directly, or on a through bill of lading, from the country issuing the appropriate certificate of origin.

(d) A certificate of origin is appropriate for the purposes of this section only if:

(1) It is a certificate of origin the availability of which for Foreign Assets Control purposes has been announced in the FEDERAL REGISTER by the Office of Foreign Assets Control; and

(2) It bears a statement by the issuing agency referring to the Foreign Assets Control Regulations and stating that the certificate has been issued under procedures agreed upon with the United States Government.

APPENDIX TO § 500.536

This Appendix sets out in full Office of Foreign Assets Control Notice to Customs officers of January 25, 1982, FAC No. 95111, as follows:

Restricted Merchandise; Publications Originating in Vietnam, North Korea, Cambodia [Kampuchea], or Cuba.

January 25, 1982.

I. PURPOSE

This notice is to advise Customs officers of the procedures to be followed in the detention and disposition of publications of Vietnamese, North Korean, Cambodian [Kampuchean], or Cuban origin which are imported without a license issued by the Office of Foreign Assets Control, Treasury Department (FAC).

II. INFORMATION

The Foreign Assets Control Regulations (31 CFR Part 500) prohibit the importation without Treasury license of books, periodicals, or other publications of Vietnamese, North Korean, or Cambodian [Kampuchean] origin, including those which are mailed or otherwise shipped from third countries. A similar prohibition applies with respect to publications from Cuba under the Cuban Assets Control Regulations (31 CFR Part 515). The countries referred to in this paragraph ("designated countries") are the only ones to which restrictions administered by this Office apply with respect to importation of publications.

III. ACTION

A. Single Copy Imports

U.S. Customs Service is authorized to release to the addressee, whether an individual, an institution or other organization, single copies of any Cuban, Vietnamese, North Korean, or Cambodian [Kampuchean] publications. For purposes of this notice, the term "publications" includes books, newspapers, magazines, films, phonograph records, tapes, photographs, microfilm, microfiche, posters and similar materials.

B. Commercial Imports

The firms listed on the attachment[1] have been issued Treasury licenses authorizing the importation of publications from one or more of the designated countries. Such licensed imports addressed to the named licensed importer should not be detained.

C. Imports by Newsgathering Agencies, Universities, Libraries, Scientific Institutions

Treasury has issued licenses to major media networks, universites, libraries, scientific and research organizations to import publications from the embargoed countries. Any such importation of more than single copies shall be detained until it is established that the importation has been licensed by the Office of Foreign Assets Control. If such shipment in not accompanied by a copy of the license or if the importer has not presented a license to the Customs Service, the shipment should be detained and the Chief of Licensing of this Office notified (376-0408).

D. Scholars, Newsmen, Film Makers and Researchers Who Visit Designated Countries

Persons who travel to Cuba, North Korea, Vietnam, or Cambodia [Kampuchea] for the purpose of gathering news, making news or documentary films, engaging in professional research or for similar activities are authorized by general licenses contained in § 515.560(b) of the Cuban Assets Control Regulations and § 500.563(b) of the Foreign Assets Control Regulations to acquire and import as accompanied baggage or otherwise and without limit as to value, publications and similar materials directly related to these professional activities. Customs Service should not detain such importations. These goods may not be imported for resale.

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[1] The list is available from the Chief of Licensing, Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220.

E. Tourists

Tourists who visit designated countries are authorized by the general licenses contained in § 515.560(a)(3) of the Cuban Assets Control Regulations and § 500.563(a)(3) of the Foreign Assets Control Regulations to import as accompanied baggage *only* up to $100 in foreign market value of any merchandise which originated in the county. This $100 authorization can be used in whole or in part for publications and similar items, for personal use only.

IV. UNLICENSED IMPORTATION OF PUBLICATIONS

In the case of publications which are imported without a license, Customs should use normal notice of detention procedures and advise the Office through the Chief of Licensing of the detention of unlicensed publications from designated countries. Importers of unlicensed publications should be advised that information can be obtained from, and license applications filed with: Chief of Licensing, Office of Foreign Assets Control, Department of the Treasury, 1331 G Street, N.W., Washington, DC 20220.

V. PUBLICATIONS PRESENTLY UNDER DETENTION

Publications from designated countries presently under detention as of the date of these instructions due to the absence of an FAC license but which fall within the terms of paragraph III, A above should be released to the importer as soon as practicable.

[18 FR 2080, Apr. 14, 1953, as amended at 19 FR 5483, Aug. 27, 1954; 20 FR 1379, Mar. 8, 1955; 40 FR 7649, Feb. 21, 1975; 50 FR 5753, Feb. 12, 1985]

§ 500.549 Proof of origin.

Specific licenses for importation of goods the origin of which is North Korea, North Viet-Nam, Cambodia, or South Viet-Nam are generally not issued unless the applicant submits satisfactory documentary proof of the location of the goods outside North Korea, North Viet-Nam, Cambodia, or South Viet-Nam prior to the applicable effective date and of the absence of any interest of North Korea, North Viet-Nam, Cambodia, or South Viet-Nam in the goods at all times on or since that date. Since the type of documents which would constitute satisfactory proof varies depending upon the facts of the particular case, it is not possible to state in advance the type of documents required. However, it has been found that affidavits, statements, invoices, and other documents prepared by manufacturers, processors, sellers or shippers cannot be relied on and are therefore not by themselves accepted by the Office of Foreign Assets Control as satisfactory proof of origin. Independent corroborating documentary evidence, such as insurance documents, bills of lading, etc., may be accepted as satisfactory proof.

[41 FR 16555, Apr. 20, 1976]

§ 500.550 Publications, films, etc., from North Korea, North Viet-Nam, Cambodia, or South Viet-Nam.

(a) Specific licenses are issued for commercial importations of publications, films, posters, phonograph records, photographs, microfilms, microfiche and tapes originating in North Korea, North Viet-Nam, Cambodia, or South Viet-Nam, provided all payments due the suppliers are made into blocked accounts in the name of the seller and provided that reports of any such imports and deposits, as required by the Office of Foreign Assets Control, are made by the licensee.

(b) Specific licenses are also issued for such publications, films, etc., originating in North Korea, North Viet-Nam, Cambodia, or South Viet-Nam, without restriction as to method of payment, or on an exchange basis, under programs approved by the Librarian of Congress or the National Science Foundation for universities, libraries, research and scientific institutions.

(c) Such publications, films, etc. are also licensed when the Office of Foreign Assets Control is satisfied that they are bona fide gifts to the importer and that there is not and has not been, since the applicable effective date, any direct or indirect financial or commercial benefit to designated countries or nationals thereof from the importations.

[40 FR 7650, Feb. 21, 1975, as amended at 41 FR 16555, Apr. 20, 1976]

§ 500.551 Reimports.

Specific licenses are issued for reimportation of merchandise subject to § 500.204 on proof of the export of the identical merchandise from the United

States. Persons planning to export any such merchandise for exhibition, repair, or for any other purpose should first ascertain that reimportation will be authorized. Generally, reimportation is authorized only if Customs Form 4455 was completed at the time of export.

[40 FR 7650, Feb. 21, 1975]

§ 500.552 Research samples.

Specific licenses are issued for importation of commodities subject to § 500.204 for bona fide research purposes in sample quantities only.

[40 FR 7650, Feb. 21, 1975]

§ 500.553 Prior contractual commitments not a basis for licensing.

Specific licenses are not issued on the basis that an unlicensed firm commitment or payment has been made in connection with a transaction prohibited by § 500.204. Contractual commitments to engage in transactions subject to the prohibitions in § 500.204 should not be made, unless the contract specifies that the transaction is authorized by a general license or that it is subject to the issuance of a specific Foreign Assets Control license.

[40 FR 7650, Feb. 21, 1975]

§ 500.554 Gifts of North Korean, North Vietnamese, Cambodian, or South Vietnamese origin.

(a) Except as stated in paragraph (b) of this section and in § 500.550, specific licenses are not issued for the importation of North Korean, North Vietnamese, Cambodian, or South Vietnamese origin goods sent as gifts to persons in the United States or acquired abroad as gifts by persons entering the United States. However, licenses are issued, upon request, for the return of such goods to the donors in countries other than North Korea, North Viet-Nam, Cambodia, or South Viet-Nam.

(b) Specific licenses are issued for the importation directly from North Korea, North Viet-Nam, Cambodia, or South Viet-Nam:

(1) Of goods which are claimed by the importer to have been sent as a bona fide gift and (2) of goods which are claimed to have been acquired in North Korea, North Viet-Nam, Cambodia, or South Viet-Nam as a bona fide gift, subject to the conditions that:

(i) The goods are of small value, and

(ii) There is no reason to believe that there is, or has been since the applicable effective date, any direct or indirect financial or commercial benefit to North Korea, North Viet-Nam, Cambodia, or South Viet-Nam or nationals thereof from the importation.

[41 FR 16555, Apr. 20, 1976]

§ 500.556 Joint bank accounts.

Specific licenses are issued unblocking a portion of or all of a blocked joint bank account where a non-blocked applicant claims beneficial ownership, as follows:

(a) *Joint bank account, without survivorship provisions.* Specific licenses are issued unblocking only that amount with respect to which the applicant is able to prove beneficial ownership by documentary evidence independent of his assertions of interest.

(b) *Joint bank account, with survivorship provision.* Specific licenses are issued unblocking an amount equivalent to that portion of the total amount to which the applicant would be entitled if the total were divided evenly among the persons in whose names the account is held (e.g. 50 percent where there are two names; 33⅓ percent where there are three names). Such licenses are issued on the basis of applicant's assertions of beneficial ownership interest without the requirement of independent evidence.

[40 FR 7650, Feb. 21, 1975]

§ 500.557 Proceeds of insurance policies.

(a) Specific licenses are issued authorizing payment of a portion of a blocked life insurance policy issued on the life of a North Korean, North Vietnamese, Cambodian, or South Vietnamese national who died in one of those countries after the applicable effective date to non-blocked beneficiaries as follows:

(1) Payment may be licensed of a portion equal to the proportionate shares due the beneficiaries after deduction of an amount equal to the

cash surrender value of the policy on the date of the insured's death, (i.e., the value of the blocked insured's interest), subject to the condition that the amount deducted is deposited in a blocked account in a domestic bank in the name of the estate of the insured.

(2) Where a non-blocked surviving spouse of the insured is a beneficiary, payments to such spouse are licensed pursuant to the procedures in paragraphs (a) (1) and (2) of this section.

(b) Where a blocked life insurance policy of a North Korean, Vietnamese or Cambodian (Kampuchean) national who died in any one of those countries after the applicable effective date provides for payment to the estate of the insured, licenses are not issued for payment, except to a blocked account in a domestic bank in the name of the deceased insured.

[41 FR 16555, Apr. 20, 1976, as amended at 45 FR 7225, Jan. 31, 1980; 49 FR 27144, July 2, 1984]

§ 500.558 Accounts of blocked partnerships.

Specific licenses are issued unblocking partnerships established under the laws of North Korea, North Viet-Nam, Cambodia, or South Viet-Nam, as follows:

(a) Where all of the general partners and limited partners, if any, have emigrated from North Korea, North Viet-Nam, Cambodia, or South Viet-Nam and have established residence in the United States or in a country in the authorized trade territory, specific licenses are issued unblocking the assets of the partnership after deducting the total debt due creditors wherever located.

(b) Where one or more partners, whether general or limited, is in North Korea, North Viet-Nam, Cambodia, or South Viet-Nam (or elsewhere but still blocked), specific licenses are issued unblocking only the net pro rata shares of those partners who are resident in the United States or in a country in the authorized trade territory after deducting the total debt due creditors wherever located.

(c) The issuance of licensees is conditioned on the applicant furnishing the following information:

(1) Detailed information as to the status of all debts and other obligations of the blocked partnership, specifying the citizenship and residence of each creditor as of the applicable effective date, and as of the date of the application;

(2) The current status of the blocked partnership e.g., liquidated, nationalized, inoperative, etc.;

(3) A detailed description of all the partnership's assets, wherever located; and,

(4) A list of all partners, indicating whether they are general, limited, etc. and giving their citizenship and residence as of the applicable effective date and as of the date of filing of the application.

[40 FR 7651, Feb. 21, 1975, as amended at 41 FR 16555, Apr. 20, 1976; 45 FR 7225, Jan. 31, 1980]

§ 500.559 Accounts of North Korean, North Vietnamese, Cambodian or South Vietnamese sole proprietorships.

Specific licenses are issued unblocking sole proprietorships established under the laws of North Korea, North Viet-Nam, Cambodia, or South Viet-Nam if the proprietor has emigrated from those countries and established residence in the United States or a country in the authorized trade territory. Such licenses do not unblock any indebtedness of the proprietorship due to persons in North Korea, North Viet-Nam, Cambodia or South Viet-Nam.

[41 FR 16556, Apr. 20, 1976, as amended at 45 FR 7225, Jan. 31, 1980]

§ 500.560 Bank accounts of official representatives of foreign governments in North Korea, North Viet-Nam, Cambodia, or South Viet-Nam.

Specific licenses are issued authorizing payments from accounts of official representatives of foreign governments in North Korea, North Viet-Nam, Cambodia, or South Viet-Nam for transactions which are not inconsistent with the purposes of any of the regulations in this chapter.

[41 FR 16556, Apr. 20, 1976, as amended at 45 FR 7225, Jan. 31, 1980]

§ 500.561 Transfers of abandoned property under State laws.

(a) Except as stated in paragraphs (b) and (c) of this section, specific licenses are not issued authorizing the transfer of blocked property to State agencies under State laws governing abandoned property.

(b) Specific licenses are issued authorizing the transfer of blocked property, pursuant to the laws of the State governing abandoned property, to the appropriate State agency. *Provided*, That the State's laws are custodial in nature, *i.e.*, there is no permanent transfer of beneficial interest to the State. Licenses require the property to be held by the State in accounts which are identified as blocked under the regulations. A separate index of these blocked assets is required to be maintained by the State agency. The requirements of this section for identification and separate indexing of blocked assets apply to all blocked assets held by State agencies and any licenses issued prior to the effective date of this section hereby are amended by the incorporation of such requirements.

(c) To be eligible for a specific license under this section, the state agency must demonstrate that it has the statutory authority under appropriate state law to comply with the requirements of § 500.205. Such a showing shall include an opinion of the State Attorney General that such statutory authority exists.

[44 FR 11767, Mar. 2, 1979, as amended at 50 FR 27437, July 3, 1985]

§ 500.562 News material from North Korea, North Viet-Nam, Cambodia, or South Viet-Nam.

(a) *Imports by newsgathering agencies.* Specific licenses are issued for the purchase and importation of North Korean, North Vietnamese, Cambodian, or South Vietnamese origin newspapers, magazines, photographs, films, tapes, and other news material or copies thereof by newsgathering agencies in the United States without restriction as to method of payment provided such materials are imported for domestic news publication or news broadcast dissemination.

[41 FR 16556, Apr. 20, 1976, as amended at 42 FR 16620, Mar. 29, 1977]

§ 500.563 Certain transactions incident to travel to and in North Korea, North or South Viet-Nam, or Cambodia.

(a) The following transactions are authorized:

(1) All transactions ordinarily incident to travel to and from North Korea, North or South Viet-Nam, or Cambodia.

(2) All transactions ordinarily incident to travel in North Korea, North or South Viet-Nam, or Cambodia, including payment of living expenses and the acquisition of goods for personal consumption there.

(3) The purchase in North Korea, North or South Viet-Nam, or Cambodia and importation as accompanied baggage of merchandise with a foreign market value not to exceed $100 per person for personal use only. Such merchandise may not be resold. The authorization in this paragraph may only be used once in every six consecutive months.

(b) Persons who travel to North Korea, North or South Viet-Nam, or Cambodia for the purpose of gathering news, making news or documentary films, engaging in professional research, or for similar activities, are authorized to acquire and import into the United States, as accompanied baggage or otherwise, such photographs, films, books, magazines, newspapers, and similar publications as are directly related to their professional activities, without limitation as to value. Such merchandise may only be acquired and imported for their own professional use or that of their employers at the time of the travel, and may not be sold to other persons.

(c) Persons who travel in North Korea, North or South Viet-Nam, or Cambodia, after March 18, 1977, and who prior to that date were not designated nationals of any of those countries, are licensed as unblocked nationals. This paragraph does not authorize any transactions prohibited by any other section of this part.

[42 FR 16620, Mar. 29, 1977]

§ 500.564 Expenditures incidental to travel to and in North Korea, North or South Viet-Nam, or Cambodia by foreign national employees of American-owned or controlled foreign firms.

Payment or reimbursement by American-owned or -controlled foreign firms of expenditures incidental to travel to and in North Korea, North or South Viet-Nam, or Cambodia by their foreign national employees is authorized.

[42 FR 16621, Mar. 29, 1977]

§ 500.565 Family remittances to nationals of Vietnam, and certain Cambodian nationals.

(a) Remittances to any close relative of the remitter or of the remitter's spouse, who is a national of Vietnam, are authorized, provided that the recipient is a resident of Vietnam, a country in the authorized trade territory or the People's Republic of China (notwithstanding the provisions of § 500.303), and is not a specially designated national.

(b) Remittances to any close relative of the remitter or of the remitter's spouse, who is a national of Cambodia, are authorized provided that the recipient is a resident of Vietnam (notwithstanding the provisions of § 500.303) or of a country in the authorized trade territory, and is not a specially designated national.

(c) Remittances made pursuant to this section may be made only as follows:

(1) For the support of the payee, or for the support of the payee and members of his household, in amounts not exceeding $300 in any consecutive 3-month period to any one payee or to any one household; and

(2) For the purpose of enabling the payee to emigrate from Vietnam, in an amount not exceeding $750, to be made only once to any one payee, provided that the payee is a resident of and within Vietnam on the effective date of this section.

(d) The term "close relative" used with respect to any person means spouse, child, grandchild, parent, grandparent, uncle, aunt, brother, sister, nephew, niece, or spouse, widow, or widower of any of the foregoing.

(e) The term "member of a household" used with respect to any person means a close relative sharing a common dwelling with such person.

(f) This section does not authorize remittances:

(1) From blocked accounts; or,

(2) To persons in Cambodia.

[43 FR 51763, Nov. 7, 1978]

§ 500.566 Certain transactions incident to travel to, from, and within the United States by certain foreign nationals.

(a) Except as provided in paragraph (b), the following transactions are authorized by or on behalf of a national of North Korea, Vietnam or Kampuchea (Cambodia) who enters the United States on a visa issued by the Department of State:

(1) All transactions ordinarily incident to travel between the United States and points outside of North Korea, Vietnam or Kampuchea (Cambodia), including the importation into the United States of accompanied baggage for personal use:

(2) All transactions ordinarily incident to travel and maintenance within the United States, including payment of living expenses and the acquisition of goods in the United States for personal use; and

(3) Normal banking transactions involving foreign currency drafts, traveler's checks, or other instruments negotiated incident to personal travel in the United States,

(b) This section does not authorize any transfer of property to North Korea, Vietnam or Kampuchea (Cambodia) or any debit to a blocked account.

(Sec. 5, 40 Stat. 415, as amended, 50 U.S.C. App. 5(b); 75 Stat. 445, 22 U.S.C. 2370(a); Proc. 3447, 27 FR 1065, 3 CFR, 1959-1963 Comp.; E.O. 9193, 7 FR 5205 3 CFR, Cum. Supp., p. 1174; E.O. 9989, 13 FR 4891, 3 CFR, 1943-1948 Comp., p. 748)

[49 FR 24994, June 19, 1984]

§ 500.567 U.S. assets of certain designated country corporations.

(a) Specific licenses may be issued unblocking the net pro rata shares of individuals who are permanent residents of the United States or the authorized trade territory, and who are not specially designated nationals, in U.S.-located assets of corporations formed under the laws of countries designated in this part, after deducting the total debt due creditors for claims that accrued prior to the effectiveness date, in cases where all of the following conditions are met:

(1) The assets were owned by, or accrued to, the corporation before the effective date of the regulations;

(2) The corporation did not carry on substantial business in the designated country under the management or control of the applicant(s) after the effective date;

(3) In cases where the blocked assets purportedly have been nationalized by the designated country, compensation has not been paid to the applicant(s).

(b) Applications for specific licenses under this section must include all of the following information:

(1) A detailed description of the corporation, its by-laws, activities, distribution of shares, and its current status;

(2) Proof of the permanent residence of the applicant(s) in the United States or the authorized trade territory.

(3) A list of all officers, directors and shareholders of the corporation, giving the citizenship and the residence of each person as of the date of application;

(4) A detailed description of all of the assets of the corporation, wherever located, including a statement of all known encumbrances or claims against them; and

(5) Detailed information regarding the status of all debts and other obligations of the corporation, specifying the citizenship and residence of each creditor on the effective date and on the date of the application.

[50 FR 33720, Aug. 21, 1985]

Subpart F—Reports

§ 500.601 Records.

Every person engaging in any transaction subject to the provisions of this chapter shall keep a full and accurate record of each such transaction engaged in by him, regardless of whether such transaction is effected pursuant to license or otherwise, and such record shall be available for examination for at least two years after the date of such transaction.

[24 FR 1984, Mar. 18, 1959]

§ 500.602 Reports to be furnished on demand.

Every person is required to furnish under oath, in the form of reports or otherwise, from time to time and at any time as may be required by the Secretary of the Treasury or any person acting under his direction or authorization complete information relative to any transaction subject to the provisions of this chapter or relative to any property in which any foreign country or any national thereof has any interest of any nature whatsoever, direct or indirect. The Secretary of the Treasury or any person acting under his direction may require that such reports include the production of any books of account, contracts, letters or other papers, connected with any such transaction or property, in the custody or control of the persons required to make such reports. Reports with respect to transactions may be required either before or after such transactions are completed. The Secretary of the Treasury may, through any person or agency, investigate any such transaction or property or any violation of the provisions of this chapter regardless of whether any report has been required or filed in connection therewith.

§ 500.611 Reports on Form TFR-611.

(a) *Requirement for report.* Reports on Form TFR-611 are hereby required to be filed on or before December 1, 1983, in the manner prescribed herein, by persons subject to the jurisdiction of the United States, with respect to all property held on June 30, 1983, to which § 500.201 applies.

(b) *Who must report.* Reports on Form TFR-611 must be filed by each of the following:

(1) Any person subject to the jurisdiction of the United States or his successor who, as of June 30, 1983, had in his custody, control or possession, di-

rectly or indirectly, in trust or otherwise, property subject to § 500.201. This requirement includes State abandoned property and escheat agencies.

(2) All business or non-business entities in the United States in which, as of June 30, 1983, there existed any interest, financial or otherwise, of any designated country or national thereof, as described in § 500.201(d).

(c) *Filing Form TFR-611.* Reports on Form TFR-611 shall be prepared in triplicate. On or before December 1, 1983, two copies shall be sent in a set to the Office of Foreign Assets Control, Unit 611, Department of the Treasury, Washington, DC 20220. The third copy must be retained with the reporter's records.

(d) *Certification.* Every report on Form TFR-611 shall contain the certification required in Part F of the form. Failure to complete the certification shall render the report ineffective, and the submission of such a report shall not constitute compliance with this section.

(e) *Confidentiality of reports.* Reports filed on Form TFR-611 are regarded as privileged and confidential.

[48 FR 41158, Sept. 14, 1983]

Subpart G—Penalties

§ 500.701 Penalties.

(a) Attention is directed to section 16 of the Trading With the Enemy Act, as amended, which provides:

> Whoever shall willfully violate any of the provisions of the Act or of any license, rule, or regulation issued thereunder, and whoever shall willfully violate, neglect, or refuse to comply with any order of the President issued in compliance with the provisions of this Act shall, upon conviction, be fined not more than $50,000, or, if a natural person, imprisoned for not more than ten years, or both, and the officer, director, or agent of any corporation who knowingly participates in such violation shall be punished by a like fine, imprisonment, or both, and any property, funds, securities, papers, or other articles or documents, or any vessel, together with her tackle, apparel, furniture, and equipment, concerned in such violation shall be forfeited to the United States.

(b) Attention is also directed to 18 U.S.C. 1001 which provides:

> Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than $10,000 or imprisoned not more than five years, or both.

(Sec. 5, 40 Stat. 415, as amended, 50 U.S.C. App. 5(b); 75 Stat. 445, 22 U.S.C. 2370(a); Proc. 3447, 27 FR 1065, 3 CFR, 1959-1963 Comp.; E.O. 9193, 7 FR 5205, 3 CFR, Cum. Supp., p. 1174; E.O. 9989, 13 FR 4891, 3 CFR, 1943-1948 Comp., p. 748)

[15 FR 9040, Dec. 19, 1950, as amended at 50 FR 33719, Aug. 21, 1985]

Subpart H—Procedures

§ 500.801 Licensing.

(a) *General licenses.* General licenses have been issued authorizing under appropriate terms and conditions, many types of transactions which are subject to the prohibitions contained in Subpart B. All such licenses are set forth in Subpart E. It is the policy of the Office of Foreign Assets Control not to grant applications for specific licenses authorizing transactions to which the provisions of an outstanding general license are applicable. Persons availing themselves of certain general licenses are required to file reports and statements in the form and in accordance with the instructions specified in the licenses.

(b) *Specific licenses*—(1) *General course of procedure.* Transactions subject to the prohibitions contained in Subpart B of this part which are not authorized by general license may be effected only under specific license. The specific licensing activities of the Office of Foreign Assets Control are performed by the central organization and the Federal Reserve Bank of New York. When an unusual problem is presented, the proposed action is cleared with the Director of the Office of Foreign Assets Control or such person as he may designate.

(2) *Applications for specific licenses.* Applications for specific licenses to engage in any transaction prohibited by or pursuant to this chapter are to

be filed in duplicate on Form TFAC-1 with the Federal Reserve Bank of New York. Any person having an interest in a transaction or proposed transaction may file an application for a license authorizing the effecting of such transaction, and there is no requirement that any other person having an interest in such transactions shall or should join in making or filing such application.

(3) *Information to be supplied.* Applicants must supply all information specified by the respective forms and instructions. Such documents as may be relevant shall be attached to each application as a part of such application except that documents previously filed with the Office of Foreign Assets Control may, where appropriate, be incorporated by reference. Applicants may be required to furnish such further information as is deemed necessary to a proper determination by the Control. If an applicant or other party in interest desires to present additional information or discuss or argue the application, he may do so at any time before or after the decision. Arrangements for oral presentation should be made with the Control.

(4) *Effect of denial.* The denial of a license does not preclude the reopening of an application of the filing of a further application. The applicant or any other party in interest may at any time request explanation of the reasons for a denial by correspondence or personal interview.

(5) *Reports under specific licenses.* As a condition upon the issuance of any license, the licensee may be required to file reports with respect to the transaction covered by the license, in such form and at such times and places as may be prescribed in the license or otherwise.

(6) *Issuance of license.* Licenses will be issued by the Office of Foreign Assets Control acting on behalf of the Secretary of the Treasury or by the Federal Reserve Bank of New York, acting in accordance with such regulations, rulings and instructions as the Secretary of the Treasury or the Office of Foreign Assets Control may from time to time prescribe, in such cases or classes of cases as the Secretary of the Treasury or the Office of Foreign Assets Control may determine, or licenses may be issued by the Secretary of the Treasury acting directly or through any person, agency, or instrumentality designated by him.

§ 500.802 Unblocking.

Any interested person desiring the unblocking of accounts or other property on the ground that no person having an interest in the property is a designated national may file such an application. Such application shall be filed in the manner provided in § 500.801(b) and shall contain full information in support of the administrative action requested. The applicant is entitled to be heard on the application. If the applicant desires a hearing arrangements should be made with Foreign Assets Control.

§ 500.803 Decision.

The Office of Foreign Assets Control or the Federal Reserve Bank of New York will advise each applicant of the decision respecting applications filed by him. The decision of the Office of Foreign Assets Control acting on behalf of the Secretary of the Treasury with respect to an application shall constitute final agency action.

[32 FR 10846, July 25, 1967]

§ 500.804 Records and reporting.

Records are required to be kept by every person engaging in any transaction subject to the provisions of this chapter, as provided in § 500.601. Reports may be required from any person with respect to any transaction subject to the provisions of this chapter or relative to any property in which any foreign country or any national thereof has any interest, as provided in § 500.602.

[35 FR 4045, Mar. 4, 1970]

§ 500.805 Amendment, modification, or revocation.

The provisions of this chapter and any rulings, licenses, authorizations, instructions, orders, or forms issued thereunder may be amended, modified, or revoked at any time.

§ 500.806 Rulemaking.

All rules and other public documents are issued by the Secretary of the Treasury upon recommendation of the Director of the Office of Foreign Assets Control. Except to the extent that there is involved any military, naval, or foreign affairs function of the United States or any matter relating to agency management or personnel or to public property, loans, grants, benefits, or contracts and except when interpretative rules, general statement of policy, or rules of agency organization, practice, or procedure are involved or when notice and public procedure are impracticable, unnecessary or contrary to the public interest, interested persons will be afforded an opportunity to participate in rule making through submission of written data, views, or argument, with oral presentation in the discretion of the Director. In general, rule making by the Office of Foreign Assets Control involves foreign affairs functions of the United States. Wherever possible, however, it is the practice to hold informal consultations with interested groups or persons before the issuance of any rule or other public document. Any interested person may petition the Director of the Office of Foreign Assets Control in writing for the issuance, amendment or repeal of any rule.

§ 500.807 Delegation by the Secretary of the Treasury.

Any action which the Secretary of the Treasury is authorized to take pursuant to the Trading With the Enemy Act may be taken by any person to whom the Secretary of the Treasury has delegated authority so to act.

§ 500.808 Customs procedures: merchandise specified in § 500.204.

(a) With respect to merchandise specified in § 500.204, whether or not such merchandise has been imported into the United States, directors of customs shall not accept or allow any:

(1) Entry for consumption (including any appraisement entry, any entry of goods imported in the mails, regardless of value, or any other informal entries);

(2) Entry for immediate exportation;

(3) Entry for transportation and exportation;

(4) Withdrawal from warehouse;

(5) Transfer or withdrawal from a foreign-trade zone; or

(6) Manipulation or manufacture in a warehouse or in a foreign-trade zone, until either:

(i) A specific license pursuant to this chapter is presented; or,

(ii) Instructions from the Foreign Assets Control, either directly or through the Federal Reserve Bank of New York, authorizing the transaction are received.

(b) Whenever a specific license is presented to a director of customs in accordance with this section, one additional legible copy of the entry, withdrawal or other appropriate document with respect to the merchandise involved shall be filed with the director of customs at the port where the transaction is to take place. Each copy of any such entry, withdrawal or other appropriate document, including the additional copy, shall bear plainly on its face the number of the license pursuant to which it is filed. The original copy of the specific license shall be presented to the director in respect to each such transaction and shall bear a notation in ink by the licensee or person presenting the license showing the description, quantity, and value of the merchandise to be entered, withdrawn or otherwise dealt with. This notation should be so placed and so written that there will exist no possibility of confusing it with anything placed on the license at the time of its issuance. If the license in fact authorizes the entry, withdrawal or other transaction with regard to the merchandise, the director, or other authorized customs employee, shall verify the notation by signing or initialing it after first assuring himself that it accurately describes the merchandise it purports to represent. The license shall thereafter be returned to the person presenting it and the additional copy of the entry, withdrawal or other appropriate document shall be forwarded by the director to the Office of Foreign Assets Control, Treasury Department, Washington, DC 20220.

(c) Whenever a person shall present an entry, withdrawal or other appropriate document affected by this section and shall assert that no specific Foreign Assets Control license is required in connection therewith, the director of customs shall withhold action thereon and shall advise such person to communicate directly with the Federal Reserve Bank of New York to request that instructions be issued to the director to authorize him to take action with regard thereto.

[40 FR 7651, Feb. 21, 1975]

§ 500.809 Rules governing availability of information.

(a) The records of the Office of Foreign Assets Control required by 5 U.S.C. 552, as amended, to be made available to the public shall be made available in accordance with the definitions, procedures, requirements for payment of fees, and other provisions of the Regulations on the Disclosure of Records of the Office of the Secretary issued under 5 U.S.C. 552, as amended, and published as Part I of this Title 31 of the Code of Federal Regulations, as amended.

(b) The records of the Office of Foreign Assets Control required by 5 U.S.C. 552a to be made available to an individual shall be made available in accordance with the definitions, procedures, requirements for payment of fees, and other provisions of the Regulations on Disclosure of Records of the Office of the Secretary issued under 5 U.S.C. 552a and published as Part I of this Title 31 of the Code of Federal Regulations.

(c) Form TFAC-1 and any other form used in connection with the Foreign Assets Control Regulations may be obtained in person from or by writing to the Office of Foreign Assets Control, Treasury Department, Washington, DC 20220, or the Foreign Assets Control Division, Federal Reserve Bank of New York, 33 Liberty Street, New York, New York 10045.

[41 FR 16556, Apr. 20, 1976]

Subpart I—Miscellaneous Provisions

§ 500.901 Paperwork Reduction Act notice.

The information collection requirements in §§ 500.517(c), 500.527(c), 500.549, 500.550 (a) and (b), 500.551, 500.552, 500.554 (a) and (b), 500.556 (a) and (b), 500.557, 500.558, 500.559, 500.560, 500.561, 500.562, and 500.801 have been approved by the Office of Management and Budget under the Paperwork Reduction Act and assigned control number 1505-0075.

[50 FR 27437, July 3, 1985]

PART 505—REGULATIONS PROHIBITING TRANSACTIONS INVOLVING THE SHIPMENT OF CERTAIN MERCHANDISE BETWEEN FOREIGN COUNTRIES

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505.10 Prohibitions.
505.20 Definitions.
505.30 Licenses.
505.31 General license for offshore transactions from certain countries.
505.40 Records and reports.
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AUTHORITY: Sec. 5, 40 Stat. 415, as amended; 50 U.S.C. App. 5, E.O. 9193, 7 FR 5205, 3 CFR, 1938-1943 Comp., p. 1174, E.O. 9989, 13 FR 4891, 3 CFR, 1943-1948 Comp. p. 748.

SOURCE: 18 FR 4291, July 23, 1953, unless otherwise noted.

§ 505.01 Short title.

The regulations in this part may be referred to as the Transaction Control Regulations.

[19 FR 5483, Aug. 27, 1954]

§ 505.10 Prohibitions.

Except as specifically authorized by the Secretary of the Treasury (or any person, agency, or instrumentality designated by him) by means of regulations, rulings, instructions, licenses, or otherwise, no person within the United States, for his own account or that of another, may purchase or sell or arrange the purchase or sale of any merchandise in any foreign country or obtain from any banking institution a credit or payment in connection therewith, or attempt to do any of the foregoing, if:

(a) The transaction involves the shipment from any foreign country of any merchandise directly or indirectly to any destination within a country on the attached schedule, and

(b) The merchandise is included in the Commodity Control List of the U.S. Department of Commerce (15 CFR Part 399) and identified by the code letter "A" following the Export Control Commodity Numbers, or of a type the unauthorized exportation of which from the United States is prohibited by regulations issued under the Arms Export Control Act of 1976, 22 U.S.C. 2778, or the Atomic Energy Act of 1954, 42 U.S.C. 2011 et seq., or successor acts restricting the export of strategic goods.

SCHEDULE

Albania
Bulgaria
Cambodia (Kampuchea)
Czechoslovakia
Estonia
German Democratic Republic
East Berlin
Hungary
Latvia
Lithuania
North Korea
Outer Mongolia
People's Republic of China
Poland and Danzig
Romania
Tibet
U.S.S.R.
Vietnam

[30 FR 1284, Feb. 6, 1965, as amended at 50 FR 27437, July 3, 1985]

§ 505.20 Definitions.

The definitions contained in Subpart C, Part 500 of this chapter are applicable to any terms therein defined which are used in this part.

[19 FR 5483, Aug. 27, 1954]

§ 505.30 Licenses.

No regulation, ruling, instruction or license authorizes a transaction prohibited by § 505.10 unless the regulation, ruling, instruction or license is issued by the Treasury Department and specifically refers to that section.

§ 505.31 General license for offshore transactions from certain countries.

(a) Except as provided in paragraph (b) of this section, transactions prohibited by § 500.201 of this chapter are authorized to the extent they comply with § 500.541 of this chapter and this section, and all other transactions prohibited by § 505.10 are hereby authorized provided:

(1) Shipment is to a country listed in the schedule of § 505.10, other than North Korea, North Viet-Nam, Cambodia, or South Viet-Nam.

(2) Shipment is made from and licensed by one of the following foreign countries: Belgium, Canada, Denmark, Federal Republic of Germany, France, Greece, Italy, Japan, Luxembourg, The Netherlands, Norway Portugal, Turkey, or the United Kingdom.

(b) This section does not authorize any transaction prohibited by Part 515 or 530 of this chapter.

[37 FR 3520, Feb. 17, 1972, as amended at 41 FR 16557, Apr. 20, 1976]

§ 505.40 Records and reports.

For provisions relating to records and reports, see §§ 500.601 and 500.602 of this chapter.

§ 505.50 Penalties.

For provisions relating to penalties, see § 500.701 of this chapter.

§ 505.60 Procedures.

For provisions relating to procedures, see §§ 500.801(b) (2), (3), (4), (5) and (6), 500.303, 500.804, 500.805, 500.806, and 500.807 of this chapter.

PART 515—CUBAN ASSETS CONTROL REGULATIONS

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AUTHORITY: 50 U.S.C. App. 5, as amended; 22 U.S.C. 2370(a); Proc. 3447, 27 FR 1085, 3 CFR, 1959-1963 Comp.; E.O. 9193, 7 FR 5205, 3 CFR 1938-1943 Cum. Supp., p. 1174, E.O. 9989, 13 FR 4891, 3 CFR, 1943-1948 Comp., p. 748.

SOURCE: 28 FR 6974, July 9, 1963, unless otherwise noted.

Subpart A—Relation of This Part to Other Laws and Regulations

§ 515.101 Relation of this part to other laws and regulations.

(a) This part is independent of Parts 500, 505, 520, 530, 535, and 540 of this chapter. No license or authorization contained in or issued pursuant to one of those parts, or any other provision of law, authorizes any transaction prohibited by this part.

(b) No license or authorization contained in or issued pursuant to this part shall be deemed to authorize any transaction prohibited by any law other than the Trading With the Enemy Act, 50 U.S.C. App. 5(b), as amended, the Foreign Assistance Act of 1961, 22 U.S.C. 2370, or any proclamation, order, regulation or license issued pursuant thereto.

[50 FR 27437, July 3, 1985]

Subpart B—Prohibitions

§ 515.201 Transactions involving designated foreign countries or their nationals; effective date.

(a) All of the following transactions are prohibited, except as specifically authorized by the Secretary of the Treasury (or any person, agency, or instrumentality designated by him) by means of regulations, rulings, instructions, licenses, or otherwise, if either such transactions are by, or on behalf of, or pursuant to the direction of a foreign country designated under this part, or any national thereof, or such transactions involve property in which a foreign country designated under this part, or any national thereof, has at any time on or since the effective date of this section had any interest of any nature whatsoever, direct or indirect:

(1) All transfers of credit and all payments between, by, through, or to any banking institution or banking institutions wheresoever located, with respect to any property subject to the jurisdiction of the United States or by any person (including a banking institution) subject to the jurisdiction of the United States;

(2) All transactions in foreign exchange by any person within the United States; and

(3) The exportation or withdrawal from the United States of gold or silver coin or bullion, currency or securities, or the earmarking of any such property, by any person within the United States.

(b) All of the following transactions are prohibited, except as specifically authorized by the Secretary of the Treasury (or any person, agency, or instrumentality designated by him) by means of regulations, rulings, instructions, licenses, or otherwise, if such transactions involve property in which any foreign country designated under this part, or any national thereof, has at any time on or since the effective date of this section had any interest of any nature whatsoever, direct or indirect:

(1) All dealings in, including, without limitation, transfers, withdrawals, or exportations of, any property or evidences of indebtedness or evidences of ownership of property by any person subject to the jurisdiction of the United States; and

(2) All transfers outside the United States with regard to any property or property interest subject to the jurisdiction of the United States.

(c) Any transaction for the purpose or which has the effect of evading or avoiding any of the prohibitions set forth in paragraph (a) or (b) of this section is hereby prohibited.

(d) For the purposes of this part, the term "foreign country designated under this part" and the term "designated foreign country" mean Cuba and the term "effective date" and the term "effective date of this section" mean with respect to Cuba, or any national thereof, 12:01 a.m., e.s.t., July 8, 1963.

§ 515.202 Transactions with respect to securities registered or inscribed in the name of a designated national.

Unless authorized by a license expressly referring to this section, the acquisition, transfer (including the transfer on the books of any issuer or agent thereof), disposition, transportation, importation, exportation, or withdrawal of, or the endorsement or guaranty of signatures on or otherwise dealing in any security (or evidence thereof) registered or inscribed in the name of any designated national is prohibited irrespective of the fact that at any time (either prior to, on, or subsequent to the "effective date") the registered or inscribed owner thereof may have, or appears to have, assigned, transferred or otherwise disposed of any such security.

§ 515.203 Effect of transfers violating the provisions of this part.

(a) Any transfer after the "effective date" which is in violation of any provision of this part or of any regulation, ruling, instruction, license, or other direction or authorization thereunder and involves any property in which a designated national has or has had an interest since such "effective date" is null and void and shall not be the basis for the assertion or recognition of any interest in or right, remedy, power or privilege with respect to such property.

(b) No transfer before the "effective date" shall be the basis for the assertion or recognition of any right, remedy, power, or privilege with respect to, or interest in, any property in which a designated national has or has had an interest since the "effective date" unless the person with whom such property is held or maintained had written notice of the transfer or by any written evidence had recognized such transfer prior to such "effective date."

(c) Unless otherwise provided, an appropriate license or other authorization issued by or pursuant to the direction or authorization of the Secretary of the Treasury before, during or after a transfer shall validate such transfer or render it enforceable to the same extent as it would be valid or enforceable but for the provisions of section 5(b) of the Trading With the Enemy Act, as amended, and this part and any ruling, order, regulation, direction or instruction issued hereunder.

(d) Transfers of property which otherwise would be null and void, or unenforceable by virtue of the provisions of this section shall not be deemed to be null and void, or unenforceable pursuant to such provisions, as to any person with whom such property was held or maintained (and as to such person only) in cases in which such person is able to establish each of the following:

(1) Such transfer did not represent a willful violation of the provisions of this part by the person with whom such property was held or maintained;

(2) The person with whom such property was held or maintained did not have reasonable cause to know or suspect, in view of all the facts and circumstances known or available to such person, that such transfer required a license or authorization by or pursuant to the provisions of this part and was not so licensed or authorized or if a license or authorization did purport to cover the transfer, that such license or authorization had been obtained by misrepresentation or the withholding of material facts or was otherwise fraudulently obtained; and

(3) Promptly upon discovery that:

(i) Such transfer was in violation of the provisions of this part or any regulation, ruling, instruction, license or other direction or authorization thereunder, or

(ii) Such transfer was not licensed or authorized by the Secretary of the Treasury, or

(iii) If a license did purport to cover the transfer, such license had been obtained by misrepresentation or the withholding of material facts or was otherwise fraudulently obtained;

the person with whom such property was held or maintained filed with the Treasury Department, Washington, D.C., a report in triplicate setting forth in full the circumstances relating to such transfer. The filing of a report in accordance with the provisions of this paragraph shall not be deemed to be compliance or evidence of compliance with paragraphs (d) (1) and (2) of this section.

(e) Unless licensed or authorized by § 515.504 or otherwise licensed or authorized pursuant to this chapter any attachment, judgment, decree, lien, execution, garnishment, or other judicial process is null and void with respect to any property in which on or since the "effective date" there existed the interest of a designated foreign country or national thereof.

(f) For the purpose of this section the term "property" includes gold, silver, bullion, currency, coin, credit, securities (as that term is defined in section 2(1) of the Securities Act of 1933, as amended), bills of exchange, notes, drafts, acceptances, checks, letters of credit, book credits, debts, claims, contracts, negotiable documents of title, mortgages, liens, annuities, insurance policies, options and futures in commodities, and evidences of any of the foregoing. The term "property" shall not, except to the extent indicated, be deemed to include chattels or real property.

[28 FR 6974, July 9, 1963, as amended at 28 FR 7941, Aug. 3, 1963]

§ 515.204 Importation of and dealings in certain merchandise.

(a) Except as specifically authorized by the Secretary of the Treasury (or any person, agency, or instrumentality designated by him) by means of regulations, rulings, instructions, licenses, or otherwise, no person subject to the jurisdiction of the United States may purchase, transport, import, or otherwise deal in or engage in any transaction with respect to any merchandise outside the United States if such merchandise:

(1) Is of Cuban origin; or

(2) Is or has been located in or transported from or through Cuba; or

(3) Is made or derived in whole or in part of any article which is the growth, produce or manufacture of Cuba.

§ 515.205 Holding of certain types of blocked property in interest-bearing accounts.

(a) Except as provided by paragraphs (d), (e) and (f) of this section, or as authorized by the Secretary of the Treasury or his delegate by specific license, any person holding any property included in paragraph (h) of this section is prohibited from holding, withholding, using, transferring, engaging in any transactions involving, or exercising any right, power, or privilege with respect to any such property, unless it is held in an interest-bearing account in a domestic bank.

(b) Any person presently holding property subject to the provisions of paragraph (a) of this section which, as of the effective date of this section, is not being held in accordance with the provisions of that paragraph shall transfer such property to or hold such property or cause such property to be held in an interest-bearing account in any domestic bank within 30 days of the effective date of this section.

(c) Any person holding any checks or drafts subject to the provisions of § 515.201 is authorized and directed, wherever possible consistent with state law (except as otherwise specifically provided in paragraph (c)(3) of this section), to negotiate or present for collection or payment such instruments and credit the proceeds to interest-bearing accounts. Any transaction by any person incident to the negotiation, processing presentment, collection or payment of such instruments and deposit of the proceeds into an interest-bearing account is hereby authorized: *Provided that:*

(1) The transaction does not represent, directly or indirectly, a transfer of the interest of a designated national to any other country or person;

(2) The proceeds are held in a blocked account indicating the designated national who is the payee or owner of the instrument; and,

(3) In the case of a blocked check or draft which has been purchased by the maker/drawer from the drawee bank (*e.g.*, cashier's check, money order, or traveler's check) or which is drawn against a presently existing account, such bank, on presentment of the instrument in accordance with the provisions of this section, shall either: (i) Pay the instrument (subject to paragraphs (c)(1) and (2) of this section) or (ii) credit a blocked account on its books with the amount payable on the instrument. In either event, the blocked account shall be identified as resulting from the proceeds of a blocked check or draft, and the identification shall include a reference to the names of both the maker and payee of the instrument.

(d) Property subject to the provisions of paragraph (a) or (b) of this section, held by a person claiming a set-off against such property, is exempt from the provisions of paragraphs (a), (b) and (c) of this section to the extent of the set-off: *Provided however,* That interest shall be due from 30 days after the effective date of this section if it should ultimately be determined that the claim to a set-off is without merit.

(e) Property subject to the provisions of paragraphs (a) and (b) of this section, held in a customer's account by a registered broker/dealer in securities, may continue to be held for the customer by the broker/dealer provided interest is credited to the account on any balance not invested in securities in accordance with § 515.513. The interest paid on such accounts by a broker/dealer who does not elect to hold such property for a customer's account in a domestic bank shall not be less than the maximum rate payable on the shortest time deposit available in any domestic bank in the jurisdiction in which the broker/dealer holds the account.

(f) Property subject to the provisions of paragraphs (a) and (b) of this section, held by a state agency charged with the custody of abandoned or unclaimed property under § 515.554 may continue to be held by the agency provided interest is credited to the blocked account in which the property is held by the agency, or the property is held by the agency in a blocked account in a domestic bank. The interest credited to such accounts by an agency which does not elect to hold such property in a domestic bank shall not be less than the maximum rate payable on the shortest time deposit available in any domestic bank in the state.

(g) For purposes of this section, the term "interest-bearing account" means a blocked account earning interest at no less than the maximum rate payable on the shortest time deposit in the domestic bank where the account is held: *Provided however,* That such an account may include six-month Treasury bills or insured certificates, with a maturity not exceeding six-months, appropriate to the amounts involved.

(h) The following types of property are subject to paragraphs (a) and (b) of this section:

(1) Any currency, bank deposit and bank accounts subject to the provisions of § 515.201;

(2) Any property subject to the provisions of § 515.201 which consists, in whole or in part, of undisputed and either liquidated or matured debts, claims, obligations or other evidence of indebtedness, to the extent of any amount that is undisputed and liquidated or matured; and

(3) Any proceeds resulting from the payment of an obligation under paragraph (c) of this section.

(i) For purposes of this section, the term "domestic bank" includes any FSLIC-insured institution (as defined in 12 CFR 561.1).

(j) For the purposes of this section the term "person" includes the United States Government or any agency or instrumentality thereof, except where the agency or instrumentality submits to the Office of Foreign Assets Control an opinion of its General Counsel that either:

(1) It lacks statutory authority to comply with this section, or (2) the requirements of paragraphs (a) and (b) of this section are inconsistent with the statutory program under which it operates.

[44 FR 11770, Mar. 2, 1979]

Subpart C—General Definitions

§ 515.301 Foreign country.

The term "foreign country" also includes, but not by way of limitation:

(a) The state and the government of any such territory on or after the "effective date" as well as any political subdivision, agency, or instrumentality thereof or any territory, dependency, colony, protectorate, mandate, dominion, possession or place subject to the jurisdiction thereof,

(b) Any other government (including any political subdivision, agency, or instrumentality thereof) to the extent and only to the extent that such government exercises or claims to exercise control, authority, jurisdiction or sovereignty over territory which on the "effective date" constituted such foreign country,

(c) Any person to the extent that such person is, or has been, or to the extent that there is reasonable cause to believe that such person is, or has been, since the "effective date," acting or purporting to act directly or indirectly for the benefit or on behalf of any of the foregoing, and

(d) Any territory which on or since the "effective date" is controlled or occupied by the military, naval or police forces or other authority of such foreign country.

§ 515.302 National.

(a) The term "national" shall include:

(1) A subject or citizen of a country or any person who has been domiciled in or a permanent resident of that country at any time on or since the "effective date," except persons who were resident or domiciled there in the service of the U.S. Government.

(2) Any partnership, association, corporation, or other organization organized under the laws of, or which on or since the "effective date" had or has had its principal place of business in a foreign country, or which on or since such effective date was or has been controlled by, or a substantial part of the stock, shares, bonds, debentures, notes, drafts, or other securities or obligations of which, was or has been owned or controlled by, directly or indirectly, a foreign country and/or one or more nationals thereof as defined in this section.

(3) Any person to the extent that such person is or has been, since the "effective date" acting or purporting to act directly or indirectly for the benefit or on behalf of any national of a foreign country.

(4) Any other person who there is reasonable cause to believe is a "national" as defined in this section.

(b) The Secretary of the Treasury retains full power to determine that any person is or shall be deemed to be a "national" within the meaning of this section, and to specify the foreign country of which such person is or shall be deemed to be a national.

[28 FR 6974, July 9, 1963, as amended at 50 FR 27437, July 3, 1985]

§ 515.303 Nationals of more than one foreign country.

(a) Any person who by virtue of any provision in this chapter is a national of more than one foreign country shall be deemed to be a national of each of such foreign countries.

(b) In any case in which a person is a national of two or more designated foreign countries, as defined in this chapter, a license or authorization with respect to nationals of one of such designated foreign countries shall not be deemed to apply to such person unless a license or authorization of equal or greater scope is outstanding with respect to nationals of each other designated foreign country of which such person is a national.

(c) In any case in which the combined interests of two or more designated foreign countries, as defined in this chapter, and/or nationals thereof are sufficient in the aggregate to constitute control or ownership of 25 per centum or more of the stock, shares, bonds, debentures, notes, drafts, or other securities or obligations of a partnership, association, corporation or other organization, but such control or a substantial part of such stock, shares, bonds, debentures, notes, drafts, or other securities or obligations is not held by any one such foreign country and/or national thereof, such partnership, association, corporation or other organization shall be deemed to be a national of each of such foreign countries.

§ 515.305 Designated national.

For the purposes of this part, the term "designated national" shall mean Cuba and any national thereof including any person who is a specially designated national.

§ 515.306 Specially designated national.

(a) The term "specially designated national" shall mean:

(1) Any person who is determined by the Secretary of the Treasury to be a specially designated national,

(2) Any person who on or since the "effective date" has acted for or on behalf of the Government or authorities exercising control over a designated foreign country, or

(3) Any partnership, association, corporation or other organization which on or since the "effective date" has been owned or controlled directly or indirectly by the Government or authorities exercising control over a designated foreign country or by any specially designated national.

§ 515.307 Unblocked national.

Any person licensed as an "unblocked national" shall, while so licensed, be regarded as a person within the United States who is not a national of any designated foreign country: *Provided, however,* That the licensing of any person as an "unblocked national" shall not be deemed to suspend in any way the requirements of any section of this chapter relating to reports, or the production of books, documents, and records specified therein.

§ 515.308 Person.

The term "person" means an individual, partnership, association, corporation, or other organization.

§ 515.309 Transactions.

The phrase "transactions which involve property in which a designated foreign country, or any national thereof, has any interest of any nature whatsoever, direct or indirect," includes, but not by way of limitation:

(a) Any payment or transfer to such designated foreign country or national thereof, (b) any export or withdrawal from the United States to such designated foreign country, and (c) any transfer of credit, or payment of an obligation, expressed in terms of the currency of such designated foreign country.

§ 515.310 Transfer.

The term "transfer" shall mean any actual or purported act or transaction, whether or not evidenced by writing, and whether or not done or preformed within the United States, the purpose, intent, or effect of which is to create, surrender, release, transfer, or alter, directly or indirectly, any right, remedy, power, privilege, or interest with respect to any property and without limitation upon the foregoing shall include the making, execution, or delivery of any assignment, power, conveyance, check, declaration, deed, deed of trust, power of attorney, power of appointment, bill of sale, mortgage, receipt, agreement, contract, certificate, gift, sale, affidavit, or statement; the appointment of any agent, trustee, or other fiduciary; the creation or transfer of any lien; the issuance, docketing, filing, or the levy of or under any judgment, decree, attachment, execution, or other judicial or administrative process or order, or the service of any garnishment; the acquisition of any interest of any nature whatsoever by reason of a judgment or decree of any foreign country; the fulfillment of any condition, or the exercise of any power of appointment, power of attorney, or other power.

§ 515.311 Property; property interests.

Except as defined in § 515.203(f) for the purposes of that section the terms "property" and "property interest" or "property interests" shall include, but not by way of limitation, money, checks, drafts, bullion, bank deposits, savings accounts, debts, indebtedness obligations, notes, debentures, stocks, bonds, coupons, and other financial securities, bankers' acceptances, mortgages, pledges, liens or other rights in the nature of security, warehouse receipts, bills of lading, trust receipts, bills of sale, any other evidences of title, ownership or indebtedness, powers of attorney, goods, wares, merchandise, chattels, stocks on hand, ships, goods on ships, real estate mortgages, deeds of trust, vendors' sales agreements, land contracts, real estate and any interest therein, leaseholds, ground rents, options, negotiable instruments, trade acceptances, royalties, book accounts, accounts payable, judgments, patents, trademarks, copyrights, contracts or licenses affecting or involving patents, trademarks or copyrights, insurance policies, safe deposit boxes and their contents, annuities, pooling agreements, contracts of any nature whatsoever, and any other property, real, personal, or mixed, tangible or intangible, or interest or interests therein, present, future or contingent.

[28 FR 6974, July 9, 1963, as amended at 50 FR 27437, July 3, 1985]

§ 515.312 Interest.

The term "interest" when used with respect to property shall mean an interest of any nature whatsoever, direct or indirect.

§ 515.313 Property subject to the jurisdiction of the United States.

(a) The phrase "property subject to the jurisdiction of the United States" includes, without limitation, securities, whether registered or bearer, issued by:

(1) The United States or any State, district, territory, possession, county, municipality, or any other subdivision or agency or instrumentality of any thereof; or

(2) Any person with the United States whether the certificate which evidences such property or interest is

physically located within or outside the United States.

(b) The phrase "property subject to the jurisdiction of the United States" also includes, without limitation, securities, whether registered or bearer, by whomsoever issued, if the instrument evidencing such property or interest is physically located within the United States.

§ 515.314 Banking institution.

The term "banking institution" shall include any person engaged primarily or incidentally in the business of banking, of granting or transferring credits, or of purchasing or selling foreign exchange or procuring purchases and sellers thereof, as principal or agent, or any person holding credits for others as a direct or incidental part of his business, or any broker; and, each principal, agent, home office, branch or correspondent of any person so engaged shall be regarded as a separate "banking institution."

§ 515.316 License.

Except as otherwise specified, the term "license" shall mean any license or authorization contained in or issued pursuant to this part.

§ 515.317 General license.

A general license is any license or authorization the terms of which are set forth in this part.

§ 515.318 Specific license.

A specific license is any license or authorization issued pursuant to this part but not set forth in this part.

[28 FR 6974, July 9, 1963; 28 FR 7427, July 20, 1963]

§ 515.319 Blocked account.

The term "blocked account" shall mean an account in which any designated national has an interest, with respect to which account payments, transfers or withdrawals or other dealings may not be made or effected except pursuant to an authorization or license authorizing such action. The term "blocked account" shall not be deemed to include accounts of unblocked nationals.

[28 FR 6974, July 9, 1963; 28 FR 7427, July 20, 1963]

§ 515.320 Domestic bank.

The term "domestic bank" shall mean any branch or office within the United States of any of the following which is not a national of a designated foreign country; any bank or trust company incorporated under the banking laws of the United States or any State, territory, or district of the United States, or any private bank or banker subject to supervision and examination under the banking laws of the United States or of any State, territory or district of the United States. The Secretary of the Treasury may also authorize any other banking institution to be treated as a "domestic bank" for the purpose of this definition or for the purpose of any or all sections of this part.

§ 515.321 United States; continental United States.

The term "United States" means the United States and all areas under the jurisdiction or authority thereof, including the Trust Territory of the Pacific Islands. The term "continental United States" means the States of the United States and the District of Columbia.

[49 FR 27144, July 2, 1984]

§ 515.322 Authorized trade territory; member of the authorized trade territory.

(a) The term "authorized trade territory" shall include:

(1) North, South, and Central America, including the Caribbean region, except Cuba;

(2) Africa, except Southern Rhodesia;

(3) Oceania, including Indonesia and the Philippines;

(4) Andorra, Austria, Belgium, Cyprus, Denmark, Ireland, the Federal Republic of Germany, and the Western Sector of Berlin, Finland, France (including Monaco), Greece, Iceland, Italy, Liechtenstein, Luxembourg, Malta, the Netherlands, Norway, Portugal, San Marino, Spain, Sweden, Switzerland, Turkey, the

United Kingdom, Vatican City, and Yugoslavia;

(5) Afghanistan, Bangladesh, Bhutan, Burma, Hong Kong, India, Iran, Iraq, Israel, Japan, Jordan, Kuwait, Laos, Lebanon, Macao, Malaysia, Nepal, Oman, Pakistan, Qatar, Saudi Arabia, Singapore, South Korea, Sri Lanka, Syrian Arab Republic, Taiwan, Thailand, United Arab Emirates, and Yemen;

(6) Any colony, territory, possession, or protectorate of any country included within this paragraph; but the term shall not include the United States.

(b) The term "member of the authorized trade territory" shall mean any of the foreign countries or political subdivisions comprising the authorized trade territory.

[43 FR 51762, Nov. 7, 1978]

§ 515.323 Occupied area.

The term "occupied area" shall mean any territory occupied by a designated foreign country which was not occupied by such country prior to the "effective date" of this part.

§ 515.325 National securities exchange.

The term "national securities exchange" shall mean an exchange registered as a national securities exchange under section 6 of the Securities Exchange Act of 1934 (48 Stat. 885, 15 U.S.C. 78f).

§ 515.326 Custody of safe deposit boxes.

Safe deposit boxes shall be deemed to be in the "custody" not only of all persons having access thereto but also of the lessors of such boxes whether or not such lessors have access to such boxes. The foregoing shall not in any way be regarded as a limitation upon the meaning of the term "custody."

§ 515.327 Blocked estate of a decedent.

The term "blocked estate of a decedent" shall mean any decedent's estate in which a designated national has an interest. A person shall be deemed to have an interest in a decedent's estate if he:

(a) Was the decedent;

(b) Is a personal representative, or

(c) Is a creditor, heir, legatee, devisee, distributee, or beneficiary.

§ 515.329 Person subject to the jurisdiction of the United States.

The term "person subject to the jurisdiction of the United States" includes:

(a) Any individual, wherever located, who is a citizen or resident of the United States;

(b) Any person within the United States as defined in § 515.330;

(c) Any corporation organized under the laws of the United States or of any State, territory possession, or district of the United States; and

(d) Any corporation, partnership, or association, wherever organized or doing business, that is owned or controlled by persons specified in paragraph (a) or (c) of this section.

[50 FR 27437, July 3, 1985]

§ 515.330 Person within the United States.

(a) The term "person within the United States," includes:

(1) Any person, wheresoever located, who is a resident of the United States;

(2) Any person actually within the United States;

(3) Any corporation organized under the laws of the United States or of any state, territory, possession, or district of the United States; and

(4) Any partnership, association, corporation, or other organization, wheresoever organized, or doing business, which is owned or controlled by any person or persons specified in paragraphs (a) (1), (2), or (3) of the section.

§ 515.331 Merchandise.

The term "merchandise" means all goods, wares and chattels of every description without limitation of any kind.

Subpart D—Interpretations

§ 515.401 Reference to amended sections.

Reference to any section of this part or to any regulation, ruling, order, instruction, direction or license issued pursuant to this part shall be deemed to refer to the same as currently amended unless otherwise so specified.

§ 515.402 Effect of amendment of sections of this part or of other orders, etc.

Any amendment, modification, or revocation of any section of this part or of any order, regulation, ruling, instruction, or license issued by or under the direction of the Secretary of the Treasury pursuant to section 3(a) or 5(b) of the Trading With the Enemy Act, as amended, or pursuant to Proclamation 3447, shall not unless otherwise specifically provided be deemed to affect any act done or omitted to be done, or any suit or proceeding had or commenced in any civil or criminal case, prior to such amendment, modification, or revocation, and all penalties, forfeitures, and liabilities under any such section, order, regulation, ruling, instruction or license shall continue and may be enforced as if such amendment, modification, or revocation had not been made.

§ 515.403 Termination and acquisition of the interest of a designated national.

(a) Except as provided in § 515.525, whenever a transaction licensed or authorized by or pursuant to this part results in the transfer of property (including any property interest) away from a designated national, such property shall no longer be deemed to be property in which a designated national has or has had an interest unless there exists in such property an interest of a designated national, the transfer of which has not been effected pursuant to license or other authorization.

(b) Unless otherwise specifically provided in a license or authorization contained in or issued pursuant to this part, if property (including any property interest) is transferred to a designated national such property shall be deemed to be property in which there exists the interest of a designated national.

§ 515.404 Transactions between principal and agent.

A transaction between any person within the United States and any principal agent, home office, branch, or correspondent, outside the United States of such person is a transaction prohibited by § 515.201 to the same extent as if the parties to the transaction were in no way affiliated or associated with each other.

§ 515.405 Exportation of securities, currency, checks, drafts and promissory notes.

Section 515.201 prohibits the exportation of securities, currency, checks, drafts and promissory notes to a designated foreign country.

§ 515.406 Drafts under irrevocable letters of credit; documentary drafts.

Section 515.201 prohibits the presentation, acceptance or payment of:

(a) Drafts or other orders for payment drawn under irrevocable letters of credit issued in favor or on behalf of any designated national;

(b) Drafts or other orders for payment, in which any designated national has on or since the "effective date" had any interest, drawn under any irrevocable letter of credit; and

(c) Documentary drafts in which any designated national has on or since the "effective date" had any interest.

§ 515.407 Administration of blocked estates of decedents.

Section 515.201 prohibits all transactions incident to the administration of the blocked estate of a decedent, including the appointment and qualification of personal representatives, the collection and liquidation of assets, the payment of claims, and distribution to beneficiaries. Attention is directed to § 515.523 which authorizes certain transactions in connection with the administration of blocked estates of decedents.

§ 515.408 Access to certain safe deposit boxes prohibited.

Section 515.201 prohibits access to any safe deposit box within the United States in the custody of any designated national or containing any property in which any designated national has any interest or which there is reasonable cause to believe contains property in which any such designated national has any interest. Attention is directed to § 515.517 which authorizes access to such safe deposit boxes under certain conditions.

§ 515.409 Certain payments to a designated foreign country and nationals through third countries.

Section 515.201 prohibits any request or authorization made by or on behalf of a bank or other person within the United States to a bank or other person outside of the United States as a result of which request or authorization such latter bank or person makes a payment or transfer of credit either directly or indirectly to a designated national.

§ 515.410 Dealing abroad in Cuban origin commodities.

Section 515.204 prohibits, unless licensed, the importation of commodities of Cuban origin. It also prohibits, unless licensed, persons subject to the jurisdiction of the United States from purchasing, transporting or otherwise dealing in commodities of Cuban origin which are outside the United States.

[39 FR 25317, July 10, 1974]

§ 515.411 Exclusion from authorization in § 515.518.

Heirs, legatees, etc., who acquire an interest in blocked property after July 8, 1963 pursuant to § 515.525 are excluded from the provisions of § 515.518 authorizing debits to blocked accounts for certain personal expenditures.

[39 FR 25317, July 10, 1974]

§ 515.412 Furnishing technical advice to American-owned foreign firms.

Section 515.201 of the regulations does not prohibit an engineering firm in the United States from providing technical assistance to a person in a third-country with respect to specifications, quality control, etc., although such advice may result in purchases by that third country of goods of Cuban origin. However, the engineering firm may not itself procure any such goods for its own account or for that of the foreign person.

[50 FR 27437, July 3, 1985]

§ 515.415 Travel to Cuba; transportation of certain Cuban nationals.

(a) The following transactions are prohibited by § 515.201 when in connection with the transportation of any Cuban national, except a Cuban national holding an unexpired immigrant or non-immigrant visa or a returning resident of the United States, from Cuba to the United States, unless otherwise licensed:

(1) Transactions incident to travel to, from, or within Cuba;

(2) The transportation to Cuba of a vessel or aircraft;

(3) The transportation into the United States of any vessel or aircraft which has been in Cuba since the effective date, regardless of registry;

(4) The provision of any services to a Cuban national, regardless of whether any consideration for such services is furnished by the Cuban national;

(5) The transportation or importation of baggage or other property of a Cuban national;

(6) The transfer of funds or other property to any person where such transfer involves the provision of services to a Cuban national or the transportation or importation of, or any transactions involving, property in which Cuba or any Cuban national has any interest, including baggage or other such property;

(7) Any other transaction such as payment of port fees and charges in Cuba and payment for fuel, meals, lodging, and

(8) The receipt or acceptance of any gratuity, grant, or support in the form of meals, lodging, fuel, payments of travel or maintenance expenses, or otherwise, in connection with travel to or from Cuba or travel or maintenance within Cuba.

(b) Transactions incident to the travel to the United States of Cuban nationals traveling without a visa issued by the Department of State are not authorized under the provisions of § 515.564.

(c) Transactions described in paragraph (a) of this section are not "transactions ordinarily incident to travel to and from Cuba" within the general license of § 515.560.

[45 FR 32671, May 19, 1980]

Subpart E—Licenses, Authorizations, and Statements of Licensing Policy

§ 515.502 Effect of subsequent license or authorization.

(a) No license or other authorization contained in this part or otherwise issued by or under the direction of the Secretary of the Treasury pursuant to section 3(a) or 5(b) of the Trading With the Enemy Act, as amended, or section 620(a), Pub. L. 87-195, or Proclamation 3447, shall be deemed to authorize or validate any transaction effected prior to the issuance thereof, unless such license or other authorization specifically so provides.

(b) No regulation, ruling, instruction, or license authorizes a transaction prohibited under this part unless the regulation, ruling, instruction, or license is issued by the Treasury Department and specifically refers to this part. No regulation, ruling, instruction or license referring to this part shall be deemed to authorize any transaction prohibited by Part 500 of this chapter unless the regulation, ruling, instruction or license specifically refers to Part 500.

§ 515.503 Exclusion from licenses and authorizations.

The Secretary of the Treasury reserves the right to exclude from the operation of any license or from the privileges therein conferred or to restrict the applicability thereof with respect to particular persons, transactions or property or classes thereof. Such action shall be binding upon all persons receiving actual notice or constructive notice thereof.

§ 515.504 Certain judicial proceedings with respect to property of designated nationals.

(a) Subject to the limitations of paragraphs (b), (c) and (d) of this section judicial proceedings are authorized with respect to property in which on or since the "effective date" there has existed the interest of a designated national.

(b) A judicial proceeding is authorized by this section only if it is based upon a cause of action which accrued prior to the "effective date".

(c) This section does not authorize or license:

(1) The entry of any judgment or of any decree or order of similar or analogous effect upon any judgment book, minute book, journal or otherwise, or the docketing of any judgment in any docket book, or the filing of any judgment roll or the taking of any other similar or analogous action.

(2) Any payment or delivery out of a blocked account based upon a judicial proceeding nor does it authorize the enforcement or carrying out of any judgment or decree or order of similar or analogous effect with regard to any property in which a designated national has an interest.

(d) If a judicial proceeding relates to property in which there exists the interest of any designated national other than a person who would not have been a designated national except for his relationship to an occupied area, such proceeding is authorized only if it is based upon a claim in which no person other than any of the following has had an interest since the "effective date":

(1) A citizen of the United States;

(2) A corporation organized under the laws of the United States or any State, territory or possession thereof, or the District of Columbia;

(3) A natural person who is and has been since the "effective date" a resident of the United States and who has not been a specially designated national;

(4) A legal representative (whether or not appointed by a court of the United States) or successor in interest by inheritance, device, bequest, or operation of law, who falls within any of the categories specified in paragraphs (a) (1), (2), and (3) of this section but only to the same extent that their principals or predecessors would be qualified by such paragraphs.

§ 515.505 Certain persons unblocked.

(a) The following persons are hereby licensed as unblocked nationals.

(1) Any individual resident in the United States who is not a specially designated national; and

(2) Any corporation, partnership or association that would be a designated

national solely because of the interest therein of an individual licensed in paragraph (a) or (b) of this section as an unblocked national.

(b) Individual nationals of a designated country who have taken up residence in the authorized trade territory may apply to the Office of Foreign Assets Control to be specifically licensed as unblocked nationals.

(c) The licensing of any person as an unblocked national shall not suspend the requirements of any section of this chapter relating to the maintenance or production of records.

[50 FR 27437, July 3, 1985]

§§ 515.506—515.507 [Reserved]

§ 515.508 Payments to blocked accounts in domestic banks.

(a) Any payment or transfer of credit to a blocked account in a domestic bank in the name of any designated national is hereby authorized providing such payment or transfer shall not be made from any blocked account if such payment or transfer represents, directly or indirectly, a transfer of the interest of a designated national to any other country or person.

(b) This section does not authorize:

(1) Any payment or transfer to any blocked account held in a name other than that of the designated national who is the ultimate beneficiary of such payment or transfer; or

(2) Any foreign exchange transaction including, but not by way of limitation, any transfer of credit, or payment of an obligation, expressed in terms of the currency of any foreign country.

(c) This section does not authorize any payment or transfer of credit comprising an integral part of a transaction which cannot be effected without the subsequent issuance of a further license.

(d) This section does not authorize the crediting of the proceeds of the sale of securities held in a blocked account or a subaccount thereof, or the income derived from such securities to a blocked account or subaccount under any name or designation which differs from the name or designation of the specific blocked account or subaccount in which such securities were held.

(e) This section does not authorize any payment or transfer from a blocked account in a domestic bank to a blocked account held under any name or designation which differs from the name or designation of the blocked account from which the payment or transfer is made.

[32 FR 10846, July 25, 1967]

§ 515.509 Entries in certain accounts for normal service charges.

(a) Any banking institution within the United States is hereby authorized to:

(1) Debit any blocked account with such banking institution (or with another office within the United States of such banking institution) in payment or reimbursement for normal service charges owed to such banking institution by the owner of such blocked account.

(2) Make book entries against any foreign currency account maintained by it with a banking institution in a designated foreign country for the purpose of responding to debits to such account for normal service charges in connection therewith.

(b) As used in this section, the term "normal service charge" shall include charges in payment or reimbursement for interest due; cable, telegraph, or telephone charges; postage costs; custody fees; small adjustment charges to correct bookkeeping errors; and, but not by way of limitation, minimum balance charges, account carrying charges, notary and protest fees, and charges for reference books, photostats, credit reports, transcripts of statements, registered mail insurance, stationery and supplies, check books, and other similar items.

§ 515.510 Payments to the United States, States and political subdivisions.

(a) The payment from any blocked account to the United States or any agency or instrumentality thereof or to any State, territory, district, county, municipality or other political subdivision in the United States, of customs duties, taxes, and fees payable thereto by the owner of such blocked account is hereby authorized.

(b) This section also authorizes transactions incident to the payment of customs duties, taxes, and fees from blocked accounts, such as the levying of assessments, the creation and enforcement of liens, and the sale of blocked property in satisfaction of liens for customs duties, taxes, and fees.

§ 515.511 Transactions by certain business enterprises.

(a) Except as provided in paragraphs (b), (c) and (d) of this section any partnership, association, corporation or other organization which on the "effective date" was actually engaged in a commercial, banking or financial business within the United States and which is a national of a designated foreign country, is hereby authorized to engage in all transactions ordinarily incidental to the normal conduct of its business activities within the United States.

(b) This section does not authorize any transaction which would require a license if such organization were not a national of a designated foreign country.

(c) This section does not authorize any transaction by a specially designated national.

(d) Any organization engaging in business pursuant to this section shall not engage in any transaction, pursuant to this section or any other license or authorization contained in this part, which, directly or indirectly, substantially diminishes or imperils the assets of such organization or otherwise prejudicially affects the financial position of such organization.

(e) No dealings with regard to any account shall be evidence that any person having an interest therein is actually engaged in commercial, banking or financial business within the United States.

§ 515.513 Purchase and sale of certain securities.

(a) The bona fide purchase and sale of securities on a national securities exchange by banking institutions within the United States for the account, and pursuant to the authorization, of nationals of a designated foreign country and the making and receipt of payments, transfers of credit, and transfers of such securities which are necessary incidents of any such purchase or sale are hereby authorized provided the following terms and conditions are complied with:

(1) In the case of the purchase of securities, the securities purchased shall be held in an account in a banking institution within the United States in the name of the national whose account was debited to purchase such securities; and

(2) In the case of the sale of securities, the proceeds of the sale shall be credited to an account in the name of the national for whose account the sale was made and in the banking institution within the United States which held the securities for such national.

(b) This section does not authorize the crediting of the proceeds of the sale of securities held in a blocked account or a subaccount thereof, to a blocked account or subaccount under any name or designation which differs from the name or designation of the specific blocked account or subaccount in which such securities were held.

(c) Securities issued or guaranteed by the Government of the United States or any State, territory, district, county, municipality, or other political subdivision thereof (including agencies and instrumentalities of the foregoing) need not be purchased or sold on a national securities exchange, but purchases or sales of such securities shall be made at market value and pursuant to all other terms and conditions prescribed in this section.

§ 515.514 Payment of dividends and interest on and redemption and collection of securities.

(a) The payment to, and receipt by, a banking institution within the United States of funds or other property representing dividends or interest on securities held by such banking institution in a blocked account is hereby authorized provided the funds or other property are credited to or deposited in a blocked account in such banking institution in the name of the national for whose account the securities were held. Notwithstanding

§ 515.202, this paragraph authorizes the foregoing transactions although such securities are registered or inscribed in the name of any designated national and although the national in whose name the securities are registered or inscribed may not be the owner of such blocked account.

(b) The payment to, and receipt by, a banking institution within the United States of funds payable in respect of securities (including coupons) presented by such banking institution to the proper paying agents within the United States for redemption or collection for the account and pursuant to the authorization of nationals of a designated country is hereby authorized provided the proceeds of the redemption or collection are credited to a blocked account in such banking institution in the name of the national for whose account the redemption or collection was made.

(c) The performance of such other acts, and the effecting of such other transactions, as may be necessarily incident to any of the foregoing, are also hereby authorized.

(d) This section does not authorize the crediting of the proceeds of the redemption or collection of securities (including coupons) held in a blocked account or a subaccount thereof, or the income derived from such securities to a blocked account or subaccount under any name or designation which differs from the name or designation of the specific blocked account or subaccount in which such securities were held.

(e) This section does not authorize any issuer or other obligor, with respect to a security, who is a designated national, to make any payment, transfer or withdrawal.

§ 515.515 Transfers of securities to blocked accounts in domestic banks.

(a) Transactions ordinarily incident to the transfer of securities from a blocked account in the name of any person to a blocked account in the same name in a domestic bank are hereby authorized provided such securities shall not be transferred from any blocked account if such transfer represents, directly or indirectly, a transfer of the interest of a designated national to any other country or person.

(b) This section does not authorize the transfer of securities held in a blocked account or subaccount thereof to a blocked account or subaccount under any name or designation which differs from the name or designation of the specific blocked account or subaccount in which such securities were held.

[32 FR 10847, July 25, 1967]

§ 515.516 Voting and soliciting of proxies on securities.

Notwithstanding § 515.202, the voting and the soliciting of proxies or other authorizations is authorized with respect to the voting of securities issued by a corporation organized under the laws of the United States or of any State, territory, or district thereof, in which a designated national has any interest.

§ 515.517 Access to safe deposit boxes under certain conditions.

(a) Access to any safe deposit box leased to a designated national or containing property in which any designated national has an interest, and the deposit therein or removal therefrom of any property is hereby authorized, provided the following terms and conditions are complied with:

(1) Access shall be permitted only in the presence of an authorized representative of the lessor of such box; and

(2) In the event that any property in which any designated national has any interest is to be removed from such box, access shall be permitted only in the presence of an authorized representative of a banking institution within the United States, which may be the lessor of such box, which shall receive such property into its custody immediately upon removal from such box and which shall hold the same in a blocked account under an appropriate designation indicating the interest therein of designated nationals.

(b) The terms and conditions set forth in paragraph (a) of this section shall not apply to access granted to a representative of the Office of Alien

Property pursuant to any rule, regulation or order of such Office.

§ 515.518 Payments for living, traveling, and similar personal expenses in the United States.

(a) Payments and transfers of credit in the United States from blocked accounts in domestic banking institutions held in the name of an individual within the United States to or upon the order of such individual are hereby authorized provided the following terms and conditions are complied with:

(1) Such payments and transfers of credit may be made only for the living, traveling, and similar personal expenses in the United States of such individual or his family; and

(2) The total of all such payments and transfers of credit made under this section from the accounts of such individual may not exceed $250 in any one calendar month.

(b) This section does not authorize any payment or transfer from an account in which a specially designated national has an interest.

§ 515.519 Limited payments from accounts of United States citizens abroad.

(a) Payments and transfers of credit from blocked accounts for expenditures within the United States or the authorized trade territory of any citizens of the United States who are within any foreign country are hereby authorized provided the following terms and conditions are complied with:

(1) Such payments and transfers shall be made only from blocked accounts in the name, or in which the beneficial interest is held by, such citizen or his family; and

(2) The total of all such payments and transfers made under this section shall not exceed $1,000 in any one calendar month for any such citizen or his family.

(b) This section does not authorize any remittance to a designated foreign country or, any payment, transfer, or withdrawal which could not be effected without a license by a person within the United States who is not a national of a designated foreign country.

[28 FR 6974, July 9, 1963, as amended at 49 FR 27144, July 2, 1984]

§ 515.520 Payments from accounts of United States citizens in employ of United States in foreign countries and certain other persons.

(a) Banking institutions within the United States are hereby authorized to make all payments, transfers and withdrawals from accounts in the name of citizens of the United States while such citizens are within any foreign country in the course of their employment by the Government of the United States.

(b) Banking institutions within the United States are also hereby authorized to make all payments, transfers and withdrawals from accounts in the name of members of the armed forces of the United States and of citizens of the United States accompanying such armed forces in the course of their employment by any organization acting on behalf of the Government of the United States while such persons are within any foreign country.

(c) This section is deemed to apply to the accounts of members of the armed forces of the United States and of citizens of the United States accompanying such armed forces in the course of their employment by the Government of the United States or by any organization acting on its behalf even though they are captured or reported missing.

§ 515.521 Certain remittances for necessary living expenses.

(a) Remittances by any person to any individual who is a resident of a foreign country and is within that foreign country are hereby authorized on the following terms and conditions:

(1) Such remittances are made only for the necessary living expenses of the payee and his household and do not exceed $100 in any one calendar month to any one household;

(2) Such remittances are not made from a blocked account other than from an account in a banking institution within the United States in the name of, or in which the beneficial interest is held by, the payee or members of his household.

(3) Such remittances are not made from a blocked account which is blocked pursuant to Executive Order No. 8389, as amended;

(4) If the payee is within a designated foreign country, such remittances must be made through a domestic bank and any domestic bank is authorized to effect such remittances which, however, may be effected only by the payment of the dollar amount of the remittance to a domestic bank for credit to a blocked account in the name of a banking institution within such country.

(b) This section does not authorize any remittance to, or for the benefit of, a specially designated national who is not within a designated foreign country.

(c) This section does not authorize any remittance to an individual for the purpose of defraying the expenses of a person not constituting part of his household.

(d) As used in this section, the term "household" shall mean:

(1) Those individuals sharing a common dwelling as a family; or

(2) Any individual not sharing a common dwelling with others as a family.

§ 515.522 Certain remittances to United States citizens in foreign countries.

(a) Remittances by any person through any domestic bank to any individual who is a citizen of the United States within any foreign country are hereby authorized and any domestic bank is authorized to effect such remittances, on the following terms and conditions:

(1) Such remittances do not exceed $1,000 in any one calendar month to any payee and his household and are made only for the necessary living and traveling expenses of the payee and his household, except that an additional sum not exceeding $1,000 may be remitted once to such payee if such sum will be used or the purpose of enabling the payee or his household to return to the United States;

(2) Such remittances are not made from a blocked account other than from an account in a banking institution within the United States in the name of, or in which the beneficial interest is held by, the payee or members of his household.

(b) This section does not authorize any remittance to an individual for the purpose of defraying the expenses of a person not constituting part of his household.

(c) As used in this section, the term "household" shall mean:

(1) Those individuals sharing a common dwelling as a family; or

(2) Any individual not sharing a common dwelling with others as a family.

§ 515.523 Transactions incident to the administration of decedents' estates.

(a) The following transactions are authorized in connection with the administration of the assets in the United States of any blocked estate of a decedent:

(1) The appointment and qualification of a personal representative;

(2) The collection and preservation of such assets by such personal representative and the payment of all costs, fees and charges in connection therewith; and

(3) The payment by such personal representative of funeral expenses and expenses of the last illness.

(b) In addition to the authorization contained in paragraph (a) of this section, all other transactions incident to the administration of assets situated in the United States of any blocked estate of a decedent are authorized if:

(1) The decedent was not a national of a designated foreign country at the time of his death;

(2) The decedent was a citizen of the United States and a national of a designated foreign country at the time of his death solely by reason of his presence in a designated foreign country as a result of his employment by, or service with the United States Government; or

(3) The gross value of the assets within the United States does not exceed $5,000.

(c) Any property or interest therein distributed pursuant to this section to a designated national shall be regarded for the purpose of this chapter as property in which such national has an interest and shall accordingly be subject to all the pertinent sections of this chapter. Any payment or distribution of any funds, securities or other choses in action to a designated national shall be made by deposit in a blocked account in a domestic bank or with a public officer, agency, or instrumentality designated by a court having jurisdiction of the estate. Any such deposit shall be made in one of the following ways:

(1) In the name of the national who is the ultimate beneficiary thereof;

(2) In the name of a person who is not a national of a designated foreign country in trust for the national who is the ultimate beneficiary; or

(3) Under some other designation which clearly shows the interest therein of such national.

(d) Any distribution of property authorized pursuant to this section may be made to a trustee of any testamentary trust or to the guardian of an estate of a minor or of an incompetent.

(e) This section does not authorize:

(1) Any designated national to act as personal representative or co-representative of any estate;

(2) Any designated national to represent, directly or indirectly, any person who has an interest in an estate;

(3) Any designated national to take distribution of any property as the trustee of any testamentary trust or as the guardian of an estate of a minor or of an incompetent; or

(4) Any transaction which could not be effected if no designated national had any interest in such estate.

(f) Any payment or distribution authorized by this section may be deposited in a blocked account in a domestic bank or with a public officer, agency, or instrumentality designated by the court having jurisdiction of the estate in one of the ways prescribed in paragraph (c) (1), (2) or (3) of this section, but this section does not authorize any other transaction directly or indirectly at the request, or upon the instructions of any designated national.

§ 515.524 Payment from, and transactions in the administration of certain trusts and estates.

(a) Any bank or trust company incorporated under the laws of the United States, or of any State, territory, or district of the United States, or any private bank subject to supervision and examination under the banking laws of any State of the United States, acting as trustee of any trust administered in the United States or as legal representative of any estate of an infant or incompetent administered in the United States in which trust or estate one or more persons who are nationals of a designated foreign country have an interest, beneficial or otherwise, or are co-trustees or co-representatives, is hereby authorized to engage in the following transactions:

(1) Payments of distributive shares of principal or income to all persons legally entitled thereto upon the condition prescribed in paragraph (b) of this section.

(2) Other transactions arising in the administration of such trust or estate which might be engaged in if no national of a designated foreign country were a beneficiary, co-trustee or co-representative of such trust or estate upon the condition prescribed in paragraph (b) of this section.

(b) Any payment or distribution of any funds, securities or other choses in action to a national of a designated foreign country under this section shall be made by deposit in a blocked account in a domestic bank in the name of the national who is the ultimate beneficiary thereof.

(c) Any payment or distribution into a blocked account in a domestic bank in the name of any such national of a designated foreign country who is the ultimate beneficiary of and legally entitled to any such payment or distribution is authorized by this section, but this section does not authorize such trustee or legal representative to engage in any other transaction at the request, or upon the instructions, of any beneficiary, co-trustee or co-representative of such trust or estate or other person who is a national of any designated foreign country.

[28 FR 6974, July 9, 1963, as amended at 49 FR 27144, July 2, 1984]

§ 515.525 Certain transfers by operation of law.

(a) The following are hereby authorized:

(1) Any transfer of any dower, curtesy, community property, or other interest of any nature whatsoever, provided that such transfer arises solely as a consequence of the existence or change of marital status;

(2) Any transfer to any person by intestate succession;

(3) Any transfer to any person as administrator, executor, or other fiduciary by reason of any testamentary disposition; and

(4) Any transfer to any person as administrator, executor, or fiduciary by reason of judicial appointment or approval in connection with any testamentary disposition or intestate succession.

(b) Except to the limited extent authorized by § 515.523 or by any other license or authorization contained in or issued pursuant to this part no transfer to any person by intestate succession and no transfer to any person as administrator, executor, or other fiduciary by reason of any testamentary disposition, and no transfer to any person as administrator, executor, or fiduciary by reason of judicial appointment or approval in connection with any testamentary disposition or intestate succession shall be deemed to terminate the interest of the decedent in the property transferred if the decedent was a designated national.

§ 515.526 Transactions involving blocked life insurance policies.

(a) The following transactions are hereby authorized:

(1) The payment of premiums and interest on policy loans with respect to any blocked life insurance policy;

(2) The issuance, servicing or transfer of any blocked life insurance policy in which the only blocked interest is that of one or more of the following:

(i) A member of the armed forces of the United States or a person accompanying such forces (including personnel of the American Red Cross, and similar organizations);

(ii) An officer or employee of the United States; or

(iii) A citizen of the United States resident in a designated foreign country; and

(3) The issuance, servicing or transfer of any blocked life insurance policy in which the only blocked interest (other than that of a person specified in paragraph (a)(2) of this section) is that of a beneficiary.

(b) Paragraph (a) of this section does not authorize:

(1) Any payment to the insurer from any blocked account except a blocked account of the insured or beneficiary, or

(2) Any payment by the insurer to a national of a designated foreign country unless payment is made by deposit in a blocked account in a domestic bank in the name of the national who is the ultimate beneficiary thereof

(c) The application, in accordance with the provisions of the policy or the established practice of the insurer of the dividends, cash surrender value, or loan value, of any blocked life insurance policy is also hereby authorized for the purpose of:

(1) Paying premiums;

(2) Paying policy loans and interest thereon;

(3) Establishing paid-up insurance; or

(4) Accumulating such dividends or values to the credit of the policy on the books of the insurer.

(d) As used in this section:

(1) The term "blocked life insurance policy" shall mean any life insurance policy or annuity contract, or contract supplementary thereto, in which there is a blocked interest.

(2) Any interest of a national of a designated foreign country shall be deemed to be a "blocked interest."

(3) The term "servicing" shall mean the following transactions with respect to any blocked life insurance policy:

(i) The payment of premiums, the payment of loan interest, and the repayment of policy loans;

(ii) The effecting by a life insurance company or other insurer of loans to an insured;

(iii) The effecting on behalf of an insured or surrenders, conversions, modifications, and reinstatements; and

(iv) The exercise or election by an insured of nonforfeiture options, optional modes of settlement, optional disposition of dividends, and other policy options and privileges not involving payment by the insurer.

(4) The term "transfer" shall mean the change of beneficiary, or the assignment or pledge of the interest of an insured in any blocked life insurance policy subsequent to the issuance thereof.

(e) This section does not authorize any transaction with respect to any blocked life insurance policy issued by a life insurance company or other insurer which is a national of a designated foreign country or which is not doing business or effecting insurance in the United States.

§ 515.527 Certain transactions with respect to United States patents, trademarks, and copyrights.

(a) There are hereby authorized:

(1) The filing in the United States Patent Office of applications for letters patent and for trademarks registration;

(2) The making and filing in the United States Copyright Office of applications for registration or renewal of copyrights;

(3) The prosecution in the United States Patent Office of applications for letters patent and for trademarks registration;

(4) The receipt of letters patent or trademark registration certificates or copyright registration or renewal certificates granted pursuant to any such applications in which any designated national has at any time on or since the "effective date" had any interest.

(b) This section further authorizes, subject to the terms and conditions prescribed in paragraphs (c) and (d) of this section, the execution and recording of any instrument recordable in the United States Patent Office or the United States Copyright Office which affects title to or grants any interest in, including licenses under, any United States letters patent, trademark registration, copyright or renewal thereof, or application therefor, in which a designated national, who is such a national solely by reason of his relationship to an occupied area, has at any time on or since the "effective date" had any interest, or which constitutes or evidences a transaction made by, or on behalf of, or pursuant to the direction of or with such a designated national, or if any of the parties to such instrument is such a designated national.

(c) Any such instrument the recording or the execution and recording of which is authorized by paragraph (b) of this section shall be recorded in the United States Patent Office or in the United States Copyright Office within ninety days of the date of execution thereof or ninety days from the "effective date" whichever is the longer period, or within such further time as may be allowed by the Secretary of the Treasury. The person presenting such instrument for recording shall file therewith in the United States Patent Office or United States Copyright Office a statement that such instrument is being recorded in accordance with the provisions of this section.

(d) Any such instrument the recording or the execution and recording of which is authorized by paragraph (b) of this section may be set aside by the Secretary of the Treasury at any time within a period of three years from the date of recording except that the Secretary of the Treasury may in his discretion reduce such period of time with respect to any such instrument after the recording thereof, and further, the patents, trademarks, interests, applications, or rights thereunder so transferred may be vested by the Secretary of the Treasury.

(e) This section also authorizes the payment from blocked accounts or otherwise, of fees, currently due to the United States Government in connection with any transactions authorized by this section.

(f) This section further authorizes the payment from blocked accounts or otherwise of the reasonable and customary fees and charges currently due to attorneys or representatives within the United States in connection with the transactions referred to in paragraphs (a), (b), and (e) of this section, provided that such payment shall not exceed:

(1) $100 for the preparation, filing, and prosecution of any letters patent; or

(2) $50 for the preparation, filing and prosecution of any application for a trademark registration; or

(3) $25 for the securing and registration of any copyright; or

(4) $35 for the preparation and filing of any amendment to a pending application for letters patent or for a trademark registration.

(g) This section also authorizes the payment of a nominal consideration not exceeding one dollar, to any party to an instrument executed or recorded hereunder with respect to the property affected by such instrument, as long as such instrument is subject to being set aside in accordance with paragraph (d) of this section.

§ 515.528 Certain transactions with respect to blocked foreign patents, trademarks and copyrights authorized.

(a) The following transactions by any person who is not a designated national are hereby authorized:

(1) The filing and prosecution of any application for a blocked foreign patent, trademark or copyright, or for the renewal thereof;

(2) The receipt of any blocked foreign patent, trademark or copyright;

(3) The filing and prosecution of opposition or infringement proceedings with respect to any blocked foreign patent, trademark, or copyright, and the prosecution of a defense to any such proceedings;

(4) The payment of fees currently due to the government of any foreign country, either directly or through an attorney or representative, in connection with any of the transactions authorized by paragraphs (a) (1), (2), and (3) of this section or for the maintenance of any blocked foreign patent, trademark or copyright, and

(5) The payment of reasonable and customary fees currently due to attorneys or representatives in any foreign country incurred in connection with any of the transactions authorized by paragraphs (a) (1), (2), (3), or (4) of this section.

(b) Payments effected pursuant to the terms of paragraphs (a) (4) and (5) of this section may not be made from any blocked account.

(c) As used in this section the term "blocked foreign patent, trademark, or copyright" shall mean any patent, petty patent, design patent, trademark or copyright issued by any foreign country in which a designated foreign country or national thereof has an interest, including any patent, petty patent, design patent, trademark, or copyright issued by a designated foreign country.

§ 515.529 Powers of attorney.

(a) No power of attorney, whether granted before or after the "effective date" shall be invalid by reason of any of the provisions of this part with respect to any transaction licensed by or pursuant to the provisions of this part.

(b) This section does not authorize any transaction pursuant to a power of attorney if such transaction is prohibited by § 515.201 and is not otherwise licensed or authorized by or pursuant to this part.

(c) This section does not authorize the creation of any power of attorney in favor of any person outside of the United States or the exportation from the United States of any power of attorney.

§ 515.530 Exportation of powers of attorney or instructions relating to certain types of transactions.

(a) The exportation to any foreign country of powers of attorney or other instruments executed or issued by any person within the United States who is not a national of a designated foreign country, which are limited to authorizations or instructions to effect transactions incident to the following, are hereby authorized upon the condition prescribed in paragraph (b) of this section:

(1) The representation of the interest of such person in a decedent's estate which is being administered in a designated foreign country and the collection of the distributive share of such person in such estate;

(2) The maintenance, preservation, supervision or management of any property located in a designated for-

eign country in which such person has an interest; and

(3) The conveyance, transfer, release, sale or other disposition of any property specified in paragraph (a)(1) of this section or any real estate or tangible personal property if the value thereof does not exceed the sum of $5,000 or its equivalent in foreign currency.

(b) No instrument which authorizes the conveyance, transfer, release, sale or other disposition of any property may be exported under this section unless it contains an express stipulation that such authority may not be exercised if the value of such property exceeds the sum of $5,000 or the equivalent thereof in foreign currency.

(c) As used in this section, the term "tangible personal property" shall not include cash, bullion, deposits, credits, securities, patents, trademarks, or copyrights.

§ 515.531 Payment of certain checks and drafts.

(a) Any banking institution within the United States is hereby authorized to make payments from blocked accounts with such banking institution:

(1) Of checks and drafts drawn or issued prior to the "effective date" provided:

(i) The amount involved in any one payment, acceptance, or debit does not exceed $500; or

(ii) The check or draft was within the United States in process of collection by a domestic bank on or prior to the "effective date."

(b) This section does not authorize any payment to a designated foreign country or any designated national thereof except payments into a blocked account in a domestic bank, unless such designated national is otherwise licensed to receive such payment.

(c) The authorization contained in this section shall expire at the close of business on August 8, 1963.

§ 515.532 Completion of certain securities transactions.

(a) Banking institutions within the United States are hereby authorized to complete, on or before July 12, 1963 purchases and sales made prior to the "effective date" of securities purchased or sold for the account of a designated foreign country or any designated national thereof provided the following terms and conditions are complied with, respectively:

(1) The proceeds of such sale are credited to a blocked account in a banking institution in the name of the person for whose account the sale was made; and

(2) The securities so purchased are held in a blocked account in a banking institution in the name of the person for whose account the purchase was made.

(b) This section does not authorize the crediting of the proceeds of the sale of securities held in a blocked account or a subaccount thereof, to a blocked account or subaccount under any name or designation which differs from the name or designation of the specific blocked account or subaccount in which such securities were held.

§ 515.533 Transactions incident to exportations to designated countries.

(a) All transactions ordinarily incident to the exportation of goods, wares and merchandise from the United States to any person within a designated foreign country are hereby authorized, provided the following terms and conditions are complied with:

(1) The exportation is licensed or otherwise authorized by the Department of Commerce under the provisions of the Export Control Act of 1949, as amended (section 3, 62 Stat. 7, section 4, 76 Stat. 127, 50 U.S.C., App. Supp. 2023); and

(2) Banking institutions within the United States, prior to issuing, confirming or advising letters of credit, or accepting or paying drafts drawn, or reimbursing themselves for payments made, under letters of credit, or making any other payment or transfer of credit, in connection with any exportation pursuant to this section, or engaging in any other transaction herein authorized shall satisfy themselves that:

(i) Each such transaction is incident to a bona fide exportation and is customary in the normal course of business, and that the value of such exportation reasonably corresponds with the sums of money involved in financing such transaction: and (ii) such exportation is made pursuant to all the terms and conditions of this section.

(b) This section does not authorize:

(1) The financing of any transaction from any blocked account;

(2) Any transaction involving, directly or indirectly, property in which any designated national, other than a person located in the country to which the exportation is consigned, has an interest, or has had an interest since the "effective date."

§ 515.535 Exchange of certain securities.

(a) Subject to the limitations and conditions of paragraph (b) of this section and notwithstanding § 515.202, any banking institution within the United States is authorized to engage in the following transactions with respect to securities listed on a national securities exchange, including the withdrawal of such securities from blocked accounts:

(1) Exchange of certificates necessitated by reason of changes in corporate name, par value or capitalization,

(2) Exchanges of temporary for permanent certificates,

(3) Exchanges or deposits under plans of reorganization,

(4) Exchanges under refunding plans, or

(5) Exchanges pursuant to conversion privileges accruing to securities held.

(b) This section does not authorize the following transactions:

(1) Any exchange of securities unless the new securities and other proceeds, if any, received are deposited in the blocked account in which the original securities were held immediately prior to the exchange.

(2) Any exchange of securities registered in the name of any designated national, unless the new securities received are registered in the same name in which the securities exchanged were registered prior to the exchange.

(3) Any exchange of securities issued by a person engaged in the business of offering, buying, selling, or otherwise dealing, or trading in securities, or evidences thereof, issued by another person.

(4) Any transaction with respect to any security by an issuer or other obligor who is a designated national.

§ 515.536 Certain transactions with respect to merchandise affected by § 515.204.

(a) With respect to merchandise the importation of which is prohibited by § 515.204, all Customs transactions are authorized except the following:

(1) Entry for consumption (including any appraisement entry, any entry of goods imported in the mails, regardless of value, and any other informal entries);

(2) Entry for immediate exportation;

(3) Entry for transportation and exportation;

(4) Withdrawal from warehouse;

(5) Transfer or withdrawal from a foreign-trade zone; or

(6) Manipulation or manufacture in a warehouse or in a foreign-trade zone.

(b) Paragraph (a) of this section is intended solely to allow certain restricted disposition of merchandise which is imported without proper authorization. Paragraph (a) of this section does not authorize the purchase or importation of any merchandise.

(c) The purchase outside the United States for importation into the United States of nickel-bearing materials presumptively subject to § 515.204 and the importation of such merchandise into the United States (including transactions listed in paragraph (a) of this section) are authorized if there is presented to the collector of customs in connection with such importation the original of an appropriate certificate of origin as defined in paragraph (d) of this section and provided that the merchandise was shipped to the United States directly, or on a through bill of lading, from the country issuing the appropriate certificate of origin.

(d) A certificate of origin is appropriate for the purposes of this section only if

(1) It is a certificate of origin the availability of which for Cuban Assets Control purposes has been announced

in the FEDERAL REGISTER by the Office of Foreign Assets Control; and

(2) It bears a statement by the issuing agency referring to the Cuban Assets Control Regulations or stating that the certificate has been issued under procedures agreed upon with the U.S. Government.

Appendix to § 515.536

This Appendix sets out in full Office of Foreign Assets Control Notice to Customs officers of January 25, 1982, FAC No. 95111, as follows:

Restricted Merchandise: Publications Originating in Vietnam, North Korea, Cambodia [Kampuchea], or Cuba

January 25, 1982

I. Purpose

This notice is to advise Customs officers of the procedures to be followed in the detention and disposition of publications of Vietnamese, North Korean, Cambodian [Kampuchean], or Cuban origin which are imported without a license issued by the Office of Foreign Assets Control, Treasury Department (FAC).

II. Information

The Foreign Assets Control Regulations (31 CFR Part 500) prohibit the importation without Treasury license of books, periodicals, or other publications of Vietnamese, North Korean, or Cambodian [Kampuchean] origin, including those which are mailed or otherwise shipped from third countries. A similar prohibition applies with respect to publications from Cuba under the Cuban Assets Control Regulations (31 CFR Part 515). The countries referred to in this paragraph ("designated countries") are the only ones to which restrictions administered by this Office apply with respect to importation of publications.

III. Action

A. Single Copy Imports

U.S. Customs Service is authorized to release to the addressee, whether an individual, an institution or other organization, single copies of any Cuban, Vietnamese, North Korean, or Cambodian [Kampuchean] publications. For purposes of this notice, the term "publications" includes books, newspapers, magazines, films, phonograph records, tapes, photographs, microfilm, microfiche, posters and similar materials.

B. Commercial Imports

The firms listed on the attachment [1] have been issued Treasury licenses authorizing the importation of publications from one or more of the designated countries. Such licensed imports addressed to the named licensed importer should not be detained.

C. Imports by Newsgathering Agencies, Universities, Libraries, Scientific Institutions

Treasury has issued licenses to major media networks, universites, libraries, scientific and research organizations to import publications from the embargoed countries. Any such importation of more than single copies shall be detained until it is established that the importation has been licensed by the Office of Foreign Assets Control. If such shipment in not accompanied by a copy of the license or if the importer has not presented a license to the Customs Service, the shipment should be detained and the Chief of Licensing of this Office notified (376-0408).

D. Scholars, Newsmen, Film Makers and Researchers Who Visit Designated Countries

Persons who travel to Cuba, North Korea, Vietnam, or Cambodia [Kampuchea] for the purpose of gathering news, making news or documentary films, engaging in professional research or for similar activities are authorized by general licenses contained in § 515.560(b) of the Cuban Assets Control Regulations and § 500.563(b) of the Foreign Assets Control Regulations to acquire and import as accompanied baggage or otherwise and without limit as to value, publications and similar materials directly related to these professional activities. Customs Service should not detain such importations. These goods may not be imported for resale.

E. Tourists

Tourists who visit designated countries are authorized by the general licenses contained in § 515.560(a)(3) of the Cuban Assets Control Regulations and § 500.563(a)(3) of the Foreign Assets Control Regulations to import as accompanied baggage *only* up to $100 in foreign market value of any merchandise which originated in the county. This $100 authorization can be used in whole or in part for publications and similar items, for personal use only.

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[1] The list is available from the Chief of Licensing, Office of Foreign Assets Control, Department of the Treasury, Washington DC 20220.

IV. UNLICENSED IMPORTATION OF PUBLICATIONS

In the case of publications which are imported without a license, Customs should use normal notice of detention procedures and advise the Office through the Chief of Licensing of the detention of unlicensed publications from designated countries. Importers of unlicensed publications should be advised that information can be obtained from, and license applications filed with, Chief of Licensing, Office of Foreign Assets Control, Department of the Treasury, 1331 G Street, N.W., Washington, DC 20220.

V. PUBLICATIONS PRESENTLY UNDER DETENTION

Publications from designated countries presently under detention as of the date of these instructions due to the absence of an FAC license but which fall within the terms of paragraph III. A above should be released to the importer as soon as practicable.

[30 FR 15371, Dec. 14, 1965, as amended at 47 FR 4254, Jan. 29, 1982; 50 FR 5753, Feb. 12, 1985]

§ 515.540 Passengers' baggage.

The importation of goods otherwise prohibited under this part which are brought into the United States as baggage by any person arriving in the United States other than a citizen or resident of the United States is hereby licensed, notwithstanding the provisions of § 515.808, provided that such goods are not in commercial quantities and are not imported for resale.

§ 515.542 Communications.

(a) All transactions of common carriers incident to the receipt or transmission of mail between the United Sates and Cuba are hereby authorized.

(b) All transactions incident to the use of satellite channels for the transmission of television news and news programs originating in Cuba by United States news organizations are hereby authorized.

(c) Specific licenses may be issued on a case-by-case basis for transactions incident to the receipt or transmission of communications between the United States and Cuba, other than communications covered by paragraph (b) of this section. Specific licenses are generally issued for such transactions as entry into traffic agreements to provide telephone and telegraph services, provision of services, and settlement of charges under traffic agreements.

[45 FR 58843, Sept. 5, 1980]

§ 515.543 Proof of origin.

Specific licenses for importation of goods of Cuban origin are generally not issued unless the applicant submits satisfactory documentary proof of the location of the goods outside Cuba prior to July 8, 1963 and of the absence of any Cuban interest in the goods at all times on or since that date. Since the type of document which would constitute satisfactory proof varies depending upon the facts of the particular case, it is not possible to state in advance the type of documents required. However, it has been found that affidavits, statements, invoices, and other documents prepared by manufacturers, processors, sellers or shippers cannot be relied on and are therefore not by themselves accepted by the Office of Foreign Assets Control as satisfactory proof of origin. Independent corroborating documentary evidence, such as insurance documents, bills of lading, etc., may be accepted as satisfactory proof.

[39 FR 25317, July 10, 1974]

§ 515.544 Gifts of Cuban origin goods.

(a) Except as stated in paragraph (b) of this section, specific licenses are not issued for the importation of Cuban-origin goods sent as gifts to persons in the United States or acquired abroad as gifts by persons entering the United States. However, licenses are issued upon request for the return of such goods to the donors in countries other than Cuba.

(b) Specific licenses are issued for the importation directly from Cuba:

(1) Of goods which are claimed by the importer to have been sent as a bona fide gift or (2) of goods which are imported by a person entering the U.S., which are claimed to have been acquired in Cuba as a bona fide gift, subject to the conditions that:

(i) The goods are of small value, and

(ii) There is no reason to believe that there is, or has been since July 8, 1963, any direct or indirect financial or commercial benefit to Cuba or nationals thereof from the importation.

[39 FR 25317, July 10, 1974; 39 FR 28434, Aug. 7, 1974, as amended at 49 FR 27144, July 2, 1984]

§ 515.545 Books and other publications, films, phonograph records, tapes, photographs, microfilm, microfiche and posters of Cuban origin.

(a) *Imports for educational and research purposes.* (1) Specific licenses are issued for the purchase and importation of Cuban-origin books and other publications, films, phonograph records, tapes, photographs, microfilm, microfiche and posters by universities, libraries, research and scientific institutions without restriction as to method of payment, or on an exchange basis, provided such materials are for specific educational or research programs of such institutions which are approved by the Librarian of Congress or the National Science Foundation.

(2) Persons authorized to travel to Cuba under these regulations for the purpose of gathering news, making news or documentary films, engaging in professional research, or for similar activities are authorized to acquire and import into the United States, as accompanied baggage or otherwise, such publications, as defined in § 515.560(c)(3), as are directly related to their professional activities, without limitation as to their value. Such merchandise may be acquired and imported only for their own professional use or that of their employers at the time of the travel and shall not be sold to other persons.

(b) *Imports for commercial purposes.* Specific licenses are issued for the importation for commercial purposes of any Cuban-origin books or other publications, films, phonograph records, tapes, photographs, microfilm, microfiche and posters provided that such payment for such materials is made by the licensee by deposit into a blocked account in a domestic bank in the name of the Cuban seller; that the bank confirms to the Office of Foreign Assets Control that the account has been designated as a blocked account on its books; and that reports of any such imports and deposits are made by the licensee. Reports are required to contain the following information:

(1) Port of importation and of exportation,

(2) Name and address of importer of record,

(3) Name and address of buyer,

(4) Type of materials, i.e. books, magazines, newspapers, films, etc.,

(5) Quantity and value of materials imported,

(6) Statement of all sales of materials imported, showing the number sold, the amounts deposited in blocked accounts and the name and address of the domestic banks where the accounts are located.

(c) *Imports of Cuban publications, etc. as bona-fide gifts.* See § 515.544(b).

[39 FR 25318, July 10, 1974; 39 FR 29182, Aug. 14, 1974, as amended at 49 FR 27144, July 2, 1984]

§ 515.546 News material from Cuba.

(a) *Imports by newsgathering agencies.* Specific licenses are issued for the purchase and importation of Cuban-origin newspapers, magazines, photographs, films, tapes, and other news material or copies thereof by newsgathering agencies in the United States without restriction as to method of payment, provided such materials are imported for domestic news publication or news broadcast dissemination.

[39 FR 25318, July 10, 1974, as amended at 42 FR 16621, Mar. 29, 1977]

§ 515.547 Research samples.

Specific licenses are issued for importation of Cuban-origin commodities for bona-fide research purposes in sample quantities only.

[39 FR 25318, July 10, 1974]

§ 515.548 Services rendered by Cuba to United States aircraft.

Specific licenses are issued for payment to Cuba of charges for services rendered by Cuba in connection with overflights of Cuba or emergency landings in Cuba, of private, commercial or government-owned United States aircraft.

[39 FR 25318, July 10, 1974, as amended at 49 FR 27144, July 2, 1984]

§ 515.549 Bank accounts and other property of non-Cuban citizens who were in Cuba on or after July 8, 1963.

(a) *Citizens of foreign countries.* Specific licenses are issued unblocking the accounts and other property of non-Cuban citizens who have left Cuba, provided that they submit evidence satisfactorily demonstrating that they have established residence in a foreign country in the authorized trade territory.

(b) *Decedents who died in Cuba on or after July 8, 1963.* Specific licenses are issued authorizing the administration of the estates of non-Cuban decedents who died in Cuba, provided that any distribution to a blocked national of Cuba is made by deposit in a blocked account in a domestic bank in the name of the blocked national.

[39 FR 25318, July 10, 1974]

§ 515.550 Bank accounts in the name of a blocked Cuban decedent; payment to a non-blocked surviving spouse.

Specific licenses are issued unblocking up to 50 percent of an account of a blocked Cuban decedent where a non-blocked surviving spouse of such decedent claims beneficial ownership interest in a portion or all of a bank account held in the name of the decedent. This policy, which is an exception to the normal requirement of independent documentary proof of beneficial ownership, is based on the presumption of the existence of such interest in the non-blocked spouse on or since July 8, 1963, arising under the Cuban community property law.

[39 FR 25318, July 10, 1974]

§ 515.551 Joint bank accounts.

(a) Specific licenses are issued unblocking a portion of or all of a joint bank account blocked by reason of the fact that one or more of the persons in whose names the account is held is a blocked national, where a non-blocked applicant claims beneficial ownership, as follows:

(1) *Joint bank account, without survivorship provisions.* Specific licenses are issued unblocking only that amount with respect to which the applicant is able to prove beneficial ownership by documentary evidence independent of his assertions of interest.

(2) *Joint bank account, with survivorship provisions.* Specific licenses are issued unblocking an amount equivalent to that portion of the total amount to which the applicant would be entitled if the total were divided evenly among the persons in whose names the account is held (e.g. 50 percent where there are two names; 33⅓ percent where there are three names). Such licenses generally are issued on the basis of applicant's assertions of beneficial ownership interest without the requirement of independent evidence.

(3) *Joint bank account in the names of a husband and wife, with survivorship provision.* Specific licenses are issued unblocking portions of such accounts blocked by reason of the residence of one spouse in Cuba in favor of the non-blocked spouse under the policy stated in paragraph (a)(2) of this section. However, if 50 percent of the account has been unblocked under that policy, and the spouse who is the blocked Cuban national subsequently dies, a license unblocking one-half of the blocked balance is not issued to the surviving spouse under the policy relating to community property stated in § 515.550. A license would be issued for the unblocking of an additional amount only to the extent that the surviving spouse is able to establish by independent documentary evidence that it is his or her separate property, *i.e.* owned independently prior to the marriage and thus not part of the community property.

[39 FR 25318, July 10, 1974, as amended at 49 FR 27145, July 2, 1984]

§ 515.552 Proceeds of insurance policies.

(a) Specific licenses are issued authorizing payment of a portion of the proceeds of a blocked life insurance policy issued on the life of a blocked Cuban national who died in Cuba after July 8, 1963, to non-blocked beneficiaries as follows:

(1) Payment may be licensed of a portion equal to the proportionate shares due the beneficiaries after deduction of an amount equal to the cash surrender value of the policy on

the date of the insured's death, *i.e.* the value of the blocked insured's interest, subject to the condition that the amount deducted is deposited in a blocked account in a domestic bank in the name of the estate of the insured.

(2) As an alternative procedure at the option of the applicant, payment may be licensed of the total amount of the proceeds into a blocked account in a domestic bank in the names of the beneficiaries, subject to the condition that the account is designated as blocked by reason of the interest of the deceased insured in the policy since July 8, 1963. Licenses may subsequently be issued authorizing payments from such blocked account to non-blocked beneficiaries provided that the balance remains equal to the cash surrender value of the policy on the date of the insured's death, and accrued interest.

(3) Where a non-blocked surviving spouse of the insured is a beneficiary, payments to such spouse are licensed pursuant to the procedures in paragraphs (a) (1) and (2) of this section. In addition, licenses are issued authorizing payment of up to 50 percent of the cash surrender value under the policy stated in § 515.550.

(b) Where a blocked life insurance policy on the life of a blocked Cuban national who died in Cuba after July 8, 1963, provides for payment to the estate of the insured, licenses are not issued for payment except to a blocked account in a domestic bank in the name of the estate of the deceased insured.

[39 FR 25319, July 10, 1974; 39 FR 29182, Aug. 14, 1974]

§ 515.553 Bank accounts of official representatives in Cuba of foreign governments.

Specific licenses are issued authorizing payments from accounts of official representatives in Cuba of foreign governments for transactions which are not inconsistent with the purposes of any of the regulations in this chapter.

[39 FR 25319, July 10, 1974]

§ 515.554 Transfers of abandoned property under State laws.

(a) Except as stated in paragraphs (b) and (c) of this section, specific licenses are not issued authorizing the transfer of blocked property to State agencies under State laws governing abandoned property.

(b) Specific licenses are issued authorizing the transfer of blocked property pursuant to the laws of the State governing abandoned property, to the appropriate State agency: *Provided*, That the State's laws are custodial in nature, *i.e.*, there is no permanent transfer of beneficial interest to the State. Licenses require the property to be held by the State in accounts which are identified as blocked under the regulations. A separate index of these blocked assets is required to be maintained by the State agency. The requirements of this section for identification and separate indexing of blocked assets apply to all blocked assets held by State agencies and any licenses issued prior to the effective date of this section hereby are amended by the incorporation of such requirements.

(c) To be eligible for a specific license under this section, the state agency must demonstrate that it has the statutory authority under appropriate state law to comply with the requirements of § 515.205. Such a showing shall include an opinion of the State Attorney General that such statutory authority exists.

[44 FR 11771, Mar. 2, 1979]

§ 515.555 Assets of Cuban firms wholly or substantially owned by U.S. citizens.

(a) Specific licenses are issued to applicants requesting the unblocking of their stock in Cuban corporations if:

(1) The corporation was wholly or substantially owned by United States citizens on July 8, 1963;

(2) The assets are in the United States and either;

(3) The applicant is a stockholder who was a United States citizen on July 8, 1963 and owned the stock interests on that date; or,

(4) The applicant is a non-blocked person who acquired such stock interest after July 8, 1963 from a person

specified in paragraph (a)(3) of this section.

(b) The issuance of licenses is conditioned on the applicant's furnishing the following information:

(1) Detailed information as to the status of all debts and other obligations of the Cuban corporation, specifying the citizenship and residence of each creditor as of July 8, 1963, and as of the date of filing of the application;

(2) Current status of the Cuban corporation, e.g., liquidated, nationalized, inoperative, etc.;

(3) A detailed description of all the corporation's assets, wherever located;

(4) A list of all officers, directors, and stockholders giving the citizenship and the residence of each such person as of July 8, 1963; and.

(5) Satisfactory proof that such stock was owned by U.S. citizens as of July 8, 1963. Such proof may consist of sworn statements by the persons in question attesting to their citizenship. The Office of Foreign Assets Control reserves the right to require additional proof of citizenship.

[39 FR 25319, July 10, 1974]

§ 515.556 Accounts of Cuban citizens outside Cuba.

Section 515.521 authorizes the release of $100 per month for living expenses from blocked accounts of Cuban citizens in any country in the authorized trade territory who resided in Cuba on or after July 8, 1963. This amount may be increased if the applicant is able to establish that such increase is reasonable and necessary.

[39 FR 29183, Aug. 14, 1974]

§ 515.557 Accounts of Cuban partnerships.

Specific licenses are issued unblocking partnerships established under the laws of Cuba as follows:

(a) Where all of the general partners and limited partners, if any, have emigrated from Cuba and have established residence in the United States or in a country in the authorized trade territory, specific licenses are issued unblocking the assets of the partnership after deducting the total debt due creditors wherever located.

(b) Where one or more partners, whether general or limited, is still in Cuba (or elsewhere but still blocked), specific licenses are issued unblocking only the net pro-rata shares of those partners who are resident in the United States or in a country in the authorized trade territory after deducting the total debt due creditors wherever located.

(c) The issuance of licenses is conditioned on the applicant's furnishing the following information:

(1) Detailed information as to the status of all debts and other obligations of the blocked partnership, specifying the citizenship and residence of each creditor as of July 8, 1963, and as of the date of the application;

(2) Current status of the Cuban partnership, e.g., liquidated, nationalized, inoperative, etc.;

(3) A detailed description of all the partnership's assets, wherever located; and,

(4) A list of all partners, indicating whether they are general, limited, etc. and giving their citizenship and residence as of July 8, 1963, and as of the date of filing of the application.

[39 FR 25319, July 10, 1974]

§ 515.558 Accounts of Cuban sole proprietorships.

Specific licenses are issued unblocking sole proprietorships established under the laws of Cuba if the proprietor has emigrated from Cuba and established residence in the United States or a country in the authorized trade territory.

[39 FR 25319, July 10, 1974]

§ 515.559 Transactions by American-owned or controlled foreign firms with Cuba.

(a) Specific licenses will be issued in appropriate cases for certain categories of transactions between U.S.-owned or controlled firms in third countries and Cuba, where local law requires, or policy in the third country favors, trade with Cuba. The categories include:

(1) Exportation to Cuba of commodities produced in the authorized trade territory, provided:

(i) The commodities to be exported are non-strategic;

(ii) United States-origin technical data (other than maintenance, repair and operations data) will not be transferred;

(iii) If any U.S.-origin parts and components are included therein, such inclusion has been authorized by the Department of Commerce;

(iv) If any U.S.-origin spares are to be reexported to Cuba in connection with a licensed transaction, such reexport has been authorized by the Department of Commerce;

(v) No U.S. dollar accounts are involved; and

(vi) Any financing or other extension of credit by a U.S.-owned or controlled firm is granted on normal short-term conditions which are appropriate for the commodity to be exported.

(2) [Reserved]

(3) Importation of goods of Cuban origin into countries in the authorized trade territory.

(b) The term "strategic goods" means any item, regardless of origin, of a type included in the Commodity Control List of the U.S. Department of Commerce (15 CFR Part 399) and identified by the code letter "A" following the Export Control Commodity Numbers, or of a type the unauthorized exportation of which from the United States is prohibited by regulations issued under the Arms Export Control Act of 1976, 22 U.S.C. 2778, or under the Atomic Energy Act of 1954, 42 U.S.C. 2011, et seq., or successor acts restricting the export of strategic goods.

(c) Specific licenses issued pursuant to the policies set forth in this section do not authorize any person within the United States to engage in, participate in, or be involved in a licensed transaction with Cuba or Cuban nationals. Such involvement includes, but not by way of limitation, assistance or participation by a U.S. parent firm, or any officer or employee thereof, in the negotiation or performance of a transaction which is the subject of a license application. Such participation is a ground for denial of a license application, or for revocation of a license. To be eligible for a license under this section, the affiliate must be generally independent, in the conduct of transactions of the type for which the license is being sought, in such matters as decisionmaking, risk-taking, negotiation, financing or arranging of financing, and performance. For purposes of this section, an affiliate is not independent if there are a substantial number of officers or directors of the foreign affiliate who are also officers or directors of a person within the United States.

[40 FR 47108, Oct. 8, 1975, as amended at 42 FR 1472, Jan. 7, 1977; 42 FR 16621, Mar. 29, 1977; 50 FR 27438, July 3, 1985]

§ 515.560 Certain transactions incident to travel to and within Cuba.

(a)(1) *General license.* The transactions in paragraph (c) of this section are authorized in connection with travel to Cuba by:

(i) Persons who are officials of the United States Government or of any foreign government, or of any intergovernmental organization of which the United States is a member, and who are traveling on official business; (ii) persons who are traveling for the purpose of gathering news, making news or documentary films, engaging in professional research, or for similar activities; or (iii) persons, and persons traveling with them who share a common dwelling as a family with them, who are traveling to visit close relatives in Cuba.

(2) For purposes of this section, the term "close relative" means spouse, child, grandchild, parent, grandparent, great grandparent, uncle, aunt, brother, sister, nephew, niece, first cousin, or spouse, widow, or widower of any of the foregoing. The term "close relative" also means mother-in-law, father-in-law, daughter-in-law, son-in-law, sister-in-law, or brother-in-law.

(3) The general license contained in this section does not authorize transactions in connection with tourist travel to Cuba, nor does it authorize transactions in connection with business travel undertaken for any purposes other than those set forth in paragraph (a)(1) of this section.

(b) *Specific Licenses.* Specific licenses authorizing the transactions in paragraph (c) of this section will be issued in appropriate cases to persons desiring to travel to Cuba for humanitarian reasons, or for purposes of public performances, public exhibitions, or similar activities.

(c) The following transactions are authorized in connection with travel to and within Cuba by persons licensed under paragraphs (a) and (b) of this section:

(1) All transportation-related transactions ordinarily incident to travel to and from Cuba.

(2) All transactions ordinarily incident to travel within Cuba, including payment of living expenses and the acquisition in Cuba of goods for personal consumption there.

(3) The purchase in Cuba, and importation as accompanied baggage, of merchandise with a foreign market value not to exceed $100 per person. This authorization may be used only once in every six consecutive months. Single copies of publications do not count against the $100 limit set forth in this subparagraph. For purposes of this section, the term "publications" includes books, newspapers, magazines, films, phonograph records, tapes, photographs, microfilm, microfiche, posters, and similar materials. All merchandise and publications obtained pursuant to this subparagraph shall be for noncommercial use only and shall not be resold.

(4) All transactions by any person incident to arranging or assisting travel by any other person or group of persons to, from, or within Cuba. This authorization includes arranging through transportation to Cuba; selling passage aboard a foreign carrier providing regularly scheduled service to Cuba from points outside the United States; chartering an aircraft or vessel; arranging hotel accommodations, ground transportation, local tours and similar travel activities in Cuba; transfer of funds to Cuba or any national thereof; and receipt from Cuba or a national thereof of consideration for authorized services.

(5) All transactions concerning aircraft or vessels incidental to their nonscheduled flights or voyages to, from, or within Cuba. This paragraph does not authorize the carriage of any merchandise to and from Cuba, except accompanied baggage and merchandise, including publications, authorized by paragraph (c)(3) of this section.

(6) All transactions incident to the processing and payment of checks, drafts, traveler's checks, and similar instruments negotiated in Cuba by any person under the authority of this section.

(d)(1) This section does not authorize the processing and payment by persons subject to U.S. jurisdiction, such as credit card issuers or intermediary banks, of credit card instruments (*e.g.*, vouchers, drafts, or sales receipts) for expenditures in Cuba, and does not authorize a domestic credit card issuer, or a foreign credit card firm owned or controlled by U.S. persons, to deal with a Cuban enterprise or with a third-country party, such as a franchisee, in connection with the extension of credit to any person in Cuba.

(2) Persons subject to U.S. jurisdiction are hereby authorized to process and pay credit card instruments for expenditures in Cuba where such instruments are dated prior to May 15, 1982. The authorization contained in this subparagraph shall expire at the close of business on July 15, 1982.

(e) Persons who travel to Cuba for the purpose of gathering news, making news or documentary films, engaging in professional research, or for similar activities are authorized to acquire and import into the United States, as accompanied baggage or otherwise, such publications, as defined in paragraph (c)(3) of this section, as are directly related to their professional activities, without limitation as to value. Such merchandise may be acquired and imported only for their own professional use or that of their employers at the time of the travel, and may not be sold to other persons.

(f) Persons who travel in Cuba pursuant to provisions of this section shall not become nationals of Cuba solely because of such travel. This paragraph does not authorize any transaction prohibited by any other section of this part.

(g) This section does not authorize any person subject to the jurisdiction of the United States to make any investment in Cuba, establish any branch or agency in Cuba, or transfer any property to Cuba, except transfers by or on behalf of individual or group travelers, and aircraft or vessels, as expressly authorized in this section.

(h) *Professional research and similar activities.* (1) Paragraph (a)(1) of this section provides a general authorization for travel to, from, and within Cuba for professional research. Those covered by the "professional research" authorization are full-time professionals who travel to Cuba to do research in their professional areas, whose research is specifically related to Cuba and will constitute a full work schedule in Cuba, and where there is a substantial likelihood of dissemination of the product of such research. No transactions related to tourist or recreational travel within Cuba are authorized under the general license for professional research, except those that are consistent with a full schedule of research activities.

(2) "Similar activities" include attendance by professionals with an established interest in Cuba at professional meetings where research on Cuba is shared, and travel for research purposes specifically related to Cuba by persons who are working to qualify themselves academically as professionals (*e.g.*, certain graduate degree candidates). Study visits to Cuba in connection with pre-college or undergraduate college course work are not within the scope of professional research and similar activities authorized by the general license.

(3) Categories of travel which do not qualify as professional research or similar activities and for which specific license requests will normally be denied include recreational travel; tourist travel; travel in pursuit of a hobby; general study tours; general orientation visits; student class field trips; youth camps; research for personal satisfaction only; travel by fishing or bird-watching groups and similar affinity groups; and any travel for an authorized research purpose, if the schedule of activities includes free time, travel or recreation in excess of that consistent with a full work schedule of professional research and similar activities.

(4) A group does not fall within the general license for professional research or similar activities merely because some members of the group could qualify individually under the general license. For example, the presence of a professional fish biologist who travels to Cuba to engage in professional research does not bring within the general license other persons who might travel with the fish biologist but whose principal purpose in travel is to engage in recreational or trophy fishing. The fact that such persons may engage in certain activities with, or under the direction of, the professional fish biologist, such as measuring or recording facts about their catch, does not bring these individuals' activities within the meaning of professional research or similar activities.

(5) A person does not fall within the general license for professional research or similar activities merely because that person is a professional who plans to travel to Cuba. For example, a professor of history interested in traveling to Cuba for the principal purpose of learning or practicing Spanish or attending general lectures devoted to Cuban culture and contemporary life would not fall within the general license. A doctoral candidate in economics traveling to Cuba to undertake research for a dissertation on the Cuban economy would fall within the general license for activities directly related to the research but would not be authorized by the general license to stay an extra week in Cuba in order to attend a seminar on Cuban arts and crafts.

(i) [Reserved]

(j) For purposes of this section, all necessary transactions involving fully sponsored or hosted travel to, from, and within Cuba are authorized, provided that no person subject to U.S. jurisdiction shall make any payment or transfer of any property or provision of any service to Cuba or a Cuban national in connection with such travel. Travel shall be considered fully sponsored or hosted for purposes of this section notwithstanding a payment by a person subject to U.S. jurisdiction for transportation to and from Cuba, provided that the carrier furnishing the transportation is not a Cuban national.

[47 FR 17030, Apr. 20, 1982, as amended at 47 FR 32060, July 23, 1982; 50 FR 27438, July 3, 1985]

§ 515.561 Expenditures incidental to travel to and in Cuba of foreign national employees of American-owned or controlled foreign firms.

Payment or reimbursement by American owned or controlled foreign firms of expenditures incidental to travel to Cuba, and incidental to travel and maintenance in Cuba by their foreign national employees is authorized.

[42 FR 16621, Mar. 29, 1977]

§ 515.562 Bunkering of Cuban vessels and fueling of Cuban aircraft by American-owned or controlled foreign firms.

Foreign firms owned or controlled by United States persons are authorized to engage in transactions ordinarily incident to the bunkering of vessels and to the fueling of aircraft owned or controlled by, or chartered to, Cuba or nationals thereof.

(50 U.S.C. App. 5(b); 22 U.S.C. 2370(a); E. O. 9193, 3 CFR 1943 Cum. Supp.; Treas. Dept. Order No. 128, 32 FR 3472)

[42 FR 58518, Nov. 10, 1977; 43 FR 19852, May 9, 1978]

§ 515.563 Family remittances to nationals of Cuba.

(a) Remittances to any close relative of the remitter or of the remitter's spouse who is a national of Cuba and who is resident in Cuba or in the authorized trade territory are authorized, provided they are not made from blocked accounts. Such remittances may be made only as follows:

(1) For the support of the payee, or for the support of the payee and members of his household, in amounts not exceeding $500 in any consecutive 3-month period to any one payee or to any one household; and

(2) For the purpose of enabling the payee to emigrate from Cuba, in an amount not exceeding $500 to be made only once to any one payee, provided that the payee is a resident of and within Cuba on the effective date of this section.

(b) The term "close relative" used with respect to any person means spouse, child, grandchild, parent, grandparent, uncle, aunt, brother, sister, nephew, niece, or spouse, widow, or widower of any of the foregoing.

(c) The term "member of a household" used with respect to any person means a close relative sharing a common dwelling with such person.

[43 FR 1336, Jan. 9, 1978, as amended at 43 FR 51763, Nov. 7, 1978]

§ 515.564 Certain transactions incident to travel to, from and within the United States by certain Cuban Nationals.

(a) Except as provided in paragraph (b) of this section, the following transactions by or on behalf of a Cuban national who enters the United States on a visa issued by the State Department are authorized:

(1) All transactions ordinarily incident to travel between the United States and points outside of Cuba, including the importation into the United States of accompanied baggage for personal use only;

(2) All transactions ordinarily incident to travel and maintenance within the United States, including payment of living expenses and the acquisition of goods for personal consumption in the United States;

(3) All transactions on behalf of aircraft or vessels incident to non-scheduled flights or voyages between the United States and Cuba. This paragraph does not authorize the carriage of any merchandise into the United States except accompanied baggage;

(4) Normal banking transactions involving foreign currency drafts, traveler's checks or other instruments negotiated incident to travel in the United States by any person under the authority of this section.

(b) This section does not authorize any transfer of property to Cuba, or any debit to a blocked account.

[43 FR 19852, May 9, 1978]

§ 515.565 Transactions in connection with public exhibitions or performances.

(a) Specific licenses will be issued in appropriate cases for certain transactions, not otherwise authorized by § 515.564, incident to participation in a public exhibition or performance in the United States by a Cuban national who enters the United States, for the purpose of such participation, on a visa issued by the Department of State.

(b) Specific licenses will be issued in appropriate cases for certain transactions, not otherwise authorized by § 515.560, incident to participation by a U.S. national in a public exhibition or performance in Cuba.

(c) Any payment to a Cuban national in connection with transactions licensed under the authority of paragraph (a) or (b) of this section shall be limited to expenses incurred in connection therewith. Specific licenses will not be issued authorizing any:

(1) Payment to Cuba or any national thereof for television rights, appearance fees, royalties, pre-performance expenses, or other such payments in connection with or resulting from any public exhibition or performance in the United States or in Cuba; or

(2) Debit to a blocked account.

[43 FR 19852, May 9, 1978]

§ 515.567 U.S. assets of certain Cuban corporations.

(a) Specific licenses may be issued unblocking the net pro rata shares of individuals who are permanent residents of the United States or the authorized trade territory, and who are not specially designated nationals, in U.S. located assets of corporations formed under the laws of Cuba, after deducting the total debt due creditors for claims that accrued prior to the effective date, in cases where all of the following conditions are met:

(1) The assets were owned by, or accrued to, the corporation before the effective date of the regulations;

(2) The corporation did not carry on substantial business in Cuba under the management or control of the applicant(s) after the effective date;

(3) In cases where the blocked assets purportedly have been nationalized by Cuba, compensation has not been paid to the applicant(s).

(b) Applications for specific licenses under this section must include all of the following information:

(1) A detailed description of the corporation, its by-laws, activities, distribution of shares, and its current status;

(2) Proof of the permanent residence of the applicant(s) in the United States or the authorized trade territory;

(3) A list of all officers, directors and shareholders of the corporation, giving the citizenship and the residence of each person as of the date of the application;

(4) A detailed description of all of the assets of the corporation, wherever located, including a statement of all known encumbrances or claims against them; and

(5) Detailed information regarding the status of all debts and other obligations of the corporation, specifying the citizenship and residence of each creditor on the effective date and on the date of the application.

[50 FR 33720, Aug. 21, 1985]

Subpart F—Reports

§ 515.601 Records.

Every person engaging in any transaction subject to the provisions of this part shall keep a full and accurate record of each such transaction engaged in by him, regardless of whether such transaction is effected pursuant to license or otherwise, and such record shall be available for examination for at least two years after the date of such transaction.

§ 515.602 Reports to be furnished on demand.

Every person is required to furnish under oath, in the form of reports or otherwise, from time to time and at any time as may be required by the Secretary of the Treasury or any person acting under his direction or authorization complete information relative to any transaction subject to the provisions of this part or relative to any property in which any foreign country or any national thereof has any interest of any nature whatsoever, direct or indirect. The Secretary of the Treasury or any person acting under his direction may require that such reports include the production of any books of account, contracts, letters or other papers, connected with any such transaction or property, in the custody or control of the persons required to make such reports. Reports with respect to transactions may be required either before or after such transactions are completed. The Secretary of the Treasury may, through any person or agency, investigate any such transaction or property or any violation of the provisions of this part regardless of whether any report has been required or filed in connection therewith.

§ 515.611 Reports on Form TFR-611.

(a) *Requirement for report.* Reports on Form TFR-611 are hereby required to be filed on or before December 1, 1983, in the manner prescribed herein, by persons subject to the jurisdiction of the United States, with respect to all property held on June 30, 1983, to which § 515.201 applies.

(b) *Who must report.* Reports on Form TFR-611 must be filed by each of the following:

(1) Any person subject to the jurisdiction of the United States or his successor who, as of June 30, 1983, had in his custody, control or possession, directly or indirectly, in trust or otherwise, property subject to § 515.201. This requirement includes State abandoned property and escheat agencies.

(2) All business or non-business entities in the United States in which, as of June 30, 1983, there existed any interest, financial or otherwise, of any designated country or national thereof, as described in § 515.201(d).

(c) *Filing Form TFR-611.* Reports on Form TFR-611 shall be prepared in triplicate. On or before December 1, 1983, two copies shall be sent in a set to the Office of Foreign Assets Control, Unit 611, Department of the Treasury, Washington, DC 20220. The third copy must be retained with the reporter's records.

(d) *Certification.* Every report on Form TFR-611 shall contain the certification required in Part F of the form. Failure to complete the certification shall render the report ineffective, and the submission of such a report shall not constitute compliance with this section.

(e) *Confidentiality of reports.* Reports filed on Form TFR-611 are regarded as privileged and confidential.

[48 FR 41159, Sept. 14, 1983]

Subpart G—Penalties

§ 515.701 Penalties.

(a) Attention is directed to section 16 of the Trading With the Enemy Act, as amended, which provides:

> Whoever shall willfully violate any of the provisions of the Act or of any license, rule, or regulation issued thereunder, and whoever shall willfully violate, neglect, or refuse to comply with any order of the President issued in compliance with the provisions of this Act shall, upon conviction, be fined not more than $50,000, or, if a natural person, imprisoned for not more than ten years, or both; and the officer, director, or agent of any corporation who knowingly participates in such violation shall be punished by a like fine, imprisonment, or both, and any property, funds, securities, papers, or other articles or documents, or any vessel, together with her tackle, apparel, furniture, and equipment, concerned in such violation shall be forfeited to the United States.

(b) Attention is also directed to 18 U.S.C. 1001 which provides:

> Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than $10,000 or imprisoned not more than five years, or both.

[28 FR 6974, July 9, 1963, as amended at 50 FR 33719, Aug. 21, 1985]

Subpart H—Procedures

§ 515.801 Licensing.

(a) *General licenses.* General licenses have been issued authorizing under appropriate terms and conditions, many types of transactions which are subject to the prohibitions contained in Subpart B. All such licenses are set forth in Subpart E. It is the policy of the Office of Foreign Assets Control not to grant applications for specific licenses authorizing transactions to which the provisions of an outstanding general license are applicable. Persons availing themselves of certain general licenses are required to file reports and statements in accordance with the instructions specified in the licenses.

(b) *Specific licenses*—(1) *General course of procedure.* Transactions subject to the prohibitions contained in Subpart B of this part which are not authorized by general license may be effected only under specific license. The specific licensing activities of Foreign Assets Control are performed by the central organization and the Federal Reserve Bank of New York. When an unusual problem is presented, the proposed action is cleared with the Director of the Office of Foreign Assets Control or such person as he may designate.

(2) *Applications for specific licenses.* Applications for specific licenses to engage in any transaction prohibited by or pursuant to this part are to be filed in duplicate on Form TFAC-5 with the Federal Reserve Bank of New York. Any person having an interest in a transaction or proposed transaction may file an application for a license authorizing the effecting of such transaction, and there is no requirement that any other person having an interest in such transaction shall or should join in making or filing such application.

(3) *Information to be supplied.* Applicants must supply all information specified by the respective forms and instructions. Such documents as may be relevant shall be attached to each application as a part of such application except that documents previously filed with Office of Foreign Assets Control may, where appropriate, be incorporated by reference. Applicants may be required to furnish such further information as is deemed necessary to a proper determination by the Control. If an applicant or other party in interest desires to present additional information or discuss or argue the application, he may do so at any time before or after decision. Arrangements for oral presentation should be made with the Control.

(4) *Effect of denial.* The denial of a license does not preclude the reopening of an application or the filing of a further application. The applicant or any other party in interest may at any time request explanation of the reasons for a denial by correspondence or personal interview.

(5) *Reports under specific licenses.* As a condition upon the issuance of any license, the licensee may be required to file reports with respect to the transaction covered by the license, in such form and at such times and places as may be prescribed in the license or otherwise.

(6) *Issuance of license.* Licenses will be issued by the Office of Foreign Assets Control acting on behalf of the Secretary of the Treasury or by the Federal Reserve Bank of New York, acting in accordance with such regulations, rulings and instructions as the Secretary of the Treasury or the Office of Foreign Assets Control may from time to time prescribe, in such cases or classes of cases as the Secretary of the Treasury or the Office of Foreign Assets Control may determine, or licenses may be issued by the Secretary of the Treasury acting directly or through any person, agency, or instrumentality designated by him.

§ 515.802 Unblocking.

(a) Any interested person desiring the unblocking of accounts or other property on the ground that no person having an interest in the property is a designated national may file such an application. Such application shall be filed in the manner provided in § 515.801(b) and shall contain full information in support of the administrative action requested.

(b) The applicant is entitled to be heard on the application. If the applicant desires a hearing, arrangements should be made with the Office of Foreign Assets Control.

[28 FR 6974, July 9, 1963, as amended at 49 FR 27145, July 2, 1984]

§ 515.803 Decision.

The Office of Foreign Assets Control of the Federal Reserve Bank of New York will advise each applicant of the decision respecting applications filed by him. The decision of the Office of Foreign Assets Control acting on behalf of the Secretary of the Treasury with respect to an application shall constitute final agency actions.

[32 FR 10847, July 25, 1967]

§ 515.804 Records and reporting.

(a) Records are required to be kept by every person engaging in any transaction subject to the provisions of this chapter as provided in § 515.601.

(b) Reports may be required from any person with respect to any transaction subject to the provisions of this chapter or relative to any property in which any foreign country or any national thereof has any interest, as provided in § 515.602.

[32 FR 10847, July 25, 1967]

§ 515.805 Amendment, modification, or revocation.

The provisions of this part and any rulings, licenses, authorizations, instructions, orders, or forms issued thereunder may be amended, modified, or revoked at any time.

§ 515.806 Rulemaking.

(a) All rules and other public documents are issued by the Secretary of the Treasury upon recommendation of the Director of the Office of Foreign Assets Control. Except to the extent that there is involved any military, naval, or foreign affairs function of the United States or any matter relating to agency management or personnel or to public property, loans, grants, benefits, or contracts and except when interpretative rules, general statements of policy, or rules of agency organization, practice, or procedure are involved or when notice and public procedure are impracticable, unnecessary or contrary to the public interest, interested persons will be afforded an opportunity to participate in rule making through submission of written data, views, or argument, with oral presentation in the discretion of the Director. In general, rule making by the Office of Foreign Assets Control involves foreign affairs functions of the United States. Wherever possible, however, it is the practice to hold informal consultations with interested groups or persons before the issuance of any rule or other public document.

(b) Any interested person may petition the Director of the Office of Foreign Assets Control in writing for the issuance, amendment or repeal of any rule.

§ 515.807 Delegation by the Secretary of the Treasury.

Any action under § 515.201 which the Secretary of the Treasury is authorized to take pursuant to Proclamation 3447 or the Trading With the Enemy Act may be taken by the Director, Office of Foreign Assets Control, or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

§ 515.808 Customs procedures; merchandise specified in § 515.204.

(a) With respect to merchandise specified in § 515.204 (including nickel-bearing materials presumptively subject thereto) whether or not such merchandise has been imported into the United States, collectors of customs shall not accept or allow any:

(1) Entry for consumption (including any appraisement entry, any entry of goods imported in the mails, regardless of value, and any other informal entries);

(2) Entry for immediate exportation;

(3) Entry for transportation and exportation;

(4) Withdrawal from warehouse;

(5) Transfer or withdrawal from a foreign-trade zone; or

(6) Manipulation or manufacture in a warehouse or in a foreign-trade zone, unless either:

(i) The merchandise was imported prior to 12:01 a.m., February 7, 1962, or

(ii) A specific license pursuant to this part is presented, or

(iii) Instructions from the Office of Foreign Assets Control, either directly or through the Federal Reserve Bank of New York, authorizing the transaction are received, or

(iv) The original of an appropriate certificate of origin as defined in § 515.536(d) is presented.

(b) Whenever a specific license is presented to a collector of customs in accordance with this section, one additional legible copy of the entry, withdrawal or other appropriate document with respect to the merchandise involved shall be filed with the collector of customs at the port where the transaction is to take place. Each copy of any such entry, withdrawal or other appropriate document, including the additional copy, shall bear plainly on its face the number of the license pursuant to which it is filed. The original copy of the specific license shall be presented to the collector in respect of each such transaction and shall bear a notation in ink by the licensee or person presenting the license showing the description, quantity and value of the merchandise to be entered, withdrawn or otherwise dealt with. This notation should be so placed and so written that there will exist no possibility of confusing it with anything placed on the license at the time of its issuance. If the license in fact authorizes the entry, withdrawal or other transaction with regard to the merchandise the collector, or other authorized customs employee, shall verify the notation by signing or initialing it after first assuring himself that it accurately describes the merchandise it purports to represent. The license shall thereafter be returned to the person presenting it and the additional copy of the entry, withdrawal or other appropriate document shall be forwarded by the collector to the Foreign Assets Control.

(c)(1) Whenever the original of an appropriate certificate or origin as defined in § 515.536(d) is presented to a collector of customs in accordance with this section, an additional legible copy of the entry, withdrawal or other appropriate document with respect to the merchandise involved shall be filed with the collector of customs at the port where the transaction is to take place. Each copy of the entry, withdrawal, or other appropriate document, including the additional copy, shall bear plainly on its face the following statement: "This document is presented under the provisions of § 515.536 (c) of the Cuban Assets Control Regulations." The original of the certificate of origin shall not be returned to the person presenting it. It shall be securely attached to the additional copy required by this subparagraph and shall be forwarded by the collector to the Office of Foreign Assets Control, Treasury Department, Washington, DC 20220. Collectors may forward such documents weekly or more often if the volume warrants.

(2) If the original of an appropriate certificate of origin is properly presented to a collector of customs with respect to a transaction which is the first of a series of transactions which may be allowed in connection therewith under paragraph (a)(6)(iv) of this section (as, for example, where merchandise has been entered in a bonded warehouse and an appropriate certificate of origin is presented which relates to all of the merchandise entered therein but the importer desires to withdraw only part of the merchandise in the first transaction), the collector shall so note on the original of the appropriate certificate of origin and return it to the importer. In addition, the collector shall endorse his pertinent records so as to record what merchandise is covered by the appropriate certificate of origin presented. The collector may thereafter allow subsequent authorized transactions on presentation of the certificate of origin. The collector shall, with respect to each such transaction, demand an additional copy of each withdrawal or other appropriate document, which copy shall be promptly forwarded by the collector to the Office of Foreign Assets Control, Treasury Department, Washington, DC 20220, with an endorsement thereon reading:

> This document has been accepted pursuant to § 515.808(c) (2) of the Cuban Assets Control Regulations. Appropriate certificate of origin No.———— from (country).

When the final transaction has been effected under the certificate of origin, the original shall be taken up and attached to the entry and forwarded as in this paragraph.

(d) Whenever a person shall present an entry, withdrawal or other appropriate document affected by this section and shall assert that no specific Foreign Assets Control license or appropriate certificate of origin as defined in § 515.536 (d) is required in connection therewith, the collector of customs shall withhold action thereon and shall advise such person to communicate directly with the Federal Reserve Bank of New York to request that instructions be issued to the collector to authorize him to take action with regard thereto.

[30 FR 15371, Dec. 14, 1965]

§ 515.809 Rules governing availability of information.

(a) The records of the Office of Foreign Assets Control required by 5 U.S.C. 552 to make available to the public shall be made available in accordance with the definitions, procedures, payment of fees, and other provisions of the regulations on the Disclosure of Records of the Office of the Secretary and of other bureaus and offices of the Department issued under 5 U.S.C. 552 and published as Part 1 of this Title 31 of the Code of Federal Regulations, 32 FR 9562, July 1, 1967.

(b) Form TFAC-5 and any other form used in connection with the Cuban Assets Control Regulations may be obtained in person from or by writing to the Office of Foreign Assets Control, Treasury Department, Washington, DC 20220, or the Foreign Assets Control Division, Federal Reserve Bank of New York, 33 Liberty Street, New York, N.Y. 10045.

[32 FR 10847, July 25, 1967]

Subpart I—Miscellaneous Provisions

§ 515.901 Paperwork Reduction Act notice.

The information collection requirements in §§ 515.527(c), 515.542(c), 515.543, 515.544 (a) and (b), 515.545(a) (1) and (2), 515.545(b), 515.546, 515.547, 515.548, 515.549 (a) and (b), 515.550, 515.551(a) (1), (2) and (3), 515.552(a) (1) (2) and (3), 515.553, 515.554, 515.555, 515.556, 515.557, 515.558, 515.559, 515.560, 515.565, and 515.801 have been approved by the Office of Management and Budget under the Paperwork Reduction Act and assigned control number 1505-0075.

[50 FR 27438, July 3, 1985]

PART 520—FOREIGN FUNDS CONTROL REGULATIONS

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Subpart I—Miscellaneous Provisions

520.901 Paperwork Reduction Act notice.

AUTHORITY: 50 U.S.C. App. 5, as amended; E.O. 8389, 5 FR 1400, as amended by E.O. 8785, 6 FR 2897, E.O. 8832, 6 FR 3715, E.O. 8963, 6 FR 6348, E.O. 8998, 6 FR 6785, E.O. 9193, 7 FR 5205; 3 CFR, 1938-1943 Cum. Supp., p. 1174; E.O. 10348, 17 FR 3769, 3 CFR, 1949-1953 Comp., p. 871; E.O. 11281, 31 FR 7215, 3 CFR, 1966 Supp.

SOURCE: 31 FR 7333, May 20, 1966, unless otherwise noted.

Subpart A—Regulations

§ 520.01 Definitions.

(a) The term "order" shall refer to Executive Order 8389 of April 10, 1940 (3 CFR, 1943 Cum. Supp.), as amended.

(b) The term "regulations" shall refer to the regulations in this part.

(c) The terms "property" and "property interest" or "property interests" shall include, but not by way of limitation, money, checks, drafts, bullion, bank deposits, savings accounts any debts, indebtedness or obligations, financial securities commonly dealt in by bankers, brokers, and investment houses, notes, debentures, stocks, bonds, coupons, bankers' acceptances, mortgages, pledges, liens or other rights in the nature of security, warehouse receipts, bills of lading, trust receipts, bills of sale, any other evidences of title, ownership or indebtedness, goods, wares, merchandise, chattels, stocks on hand, ships, goods on ships, real estate mortgages, vendors' sales agreements, land contracts, real estate and any interest therein, leaseholds, ground rents, options, negotiable instruments, trade acceptances, royalties, book accounts, accounts payable, judgments, patents, trademarks, copyrights, contracts or licenses affecting or involving patents, trademarks or copyrights, insurance policies, safe deposit boxes and their contents, annuities, pooling agreements, contracts of any nature whatsoever, et cetera.

(d) Safe deposit boxes shall be deemed to be in the "custody" not only of all persons having access thereto but also of the lessors of such boxes whether or not such lessors have access to such boxes. The foregoing shall not in any way be regarded as a limitation upon the meaning of the term "custody."

(e) For the meaning of other terms reference should be made to the definitions contained in the order. In interpreting rulings, licenses, instructions, etc., issued pursuant to the order and regulations, particular attention is directed to the provisions of General Ruling No. 4 (§ 520.204) as from time to time hereafter amended.

§ 520.04 Relation of this Part 520 to other laws and regulations.

(a) This Part 520 is independent of Parts 500, 505, and 515 of this chapter. The prohibitions contained in Part 520 are in addition to the prohibitions contained in Parts 500, 505, and 515.

(b) The regulations in Part 520 and any rulings, licenses or instructions issued hereunder shall not be deemed to authorize any transaction prohibited by reason of regulations in any other part or pursuant to any other order, proclamation, or regulation, other than Executive Order 8389, as amended.

(c) No license or authorization contained in or issued pursuant to regulations in any other part shall be deemed to authorize any transaction prohibited by Executive Order 8389, as amended, nor shall any license or authorization issued pursuant to any other provision of law be deemed to authorize any transaction so prohibited.

[31 FR 7333, May 20, 1966, 31 FR 7625, May 27, 1966]

§ 520.05 Holding of certain types of blocked property in interest-bearing accounts.

(a) Except as provided by paragraphs (d) and (e) of this section, or as authorized by the Secretary of the Treasury or his delegate by specific license, any person holding any property included in paragraph (g) of this section is prohibited from holding, withholding, using, transferring, engaging in any transactions involving, or exercising any right, power, or privilege with respect to any such property, unless it is held in an interest-bearing account in a domestic bank.

(b) Any person presently holding property subject to the provisions of paragraph (a) of this section which, as of the effective date of this section, is not being held in accordance with the provisions of that paragraph, shall transfer such property to or hold such property or cause such property to be held in an interest-bearing account in any domestic bank within 30 days of the effective date of this section.

(c) Any person holding any checks or drafts which remain blocked under the provisions of § 520.101(a)(1) through (5) is authorized and directed, wherever possible consistent with state law (except as otherwise specifically provided in paragraph (c)(3) of this section), to negotiate or present for collection or payment such instruments and credit the proceeds to interest-bearing accounts. Any transaction by any person incident to the negotiation, processing, presentment, collection or payment of such instruments and deposit of the proceeds into interest-bearing account is hereby authorized: *Provided*, That:

(1) The transaction does not represent, directly or indirectly, a transfer of the interest of a designated national to any other country or person;

(2) The proceeds are held in a blocked account indicating the designated national who is the payee or owner of the instrument; and

(3) In the case of a blocked check or draft which has been purchased by the maker/drawer from the drawee bank (*e.g.*, cashier's check, money order, or traveler's check) or which is drawn against a presently existing account, such bank, on presentment of the instrument in accordance with the provisions of this section, shall either:

(i) Pay the instrument (subject to paragraphs (c) (1) and (2) of this section) or (ii) credit a blocked account on its books with the amount payable on the instrument. In either event, the blocked account shall be identified as resulting from the proceeds of a blocked check or draft, and the identification shall include a reference to the names of both the maker and payee of the instrument.

(d) Property subject to the provisions of paragraph (a) or (b) of this section, held by a person claiming a set-off against such property, is exempt from the provisions of paragraphs (a), (b) and (c) of this section, to the extent of the set-off: *Provided however*, That interest shall be due from thirty days after the effective date of this section if it should ultimately be determined that the claim to a set-off is without merit.

(e) Property subject to the provisions of paragraphs (a) and (b) of this section, held in a customer's account by a registered broker/dealer in securities, may continue to be held for the customer by the broker/dealer provided interest is credited to the account on any balance not invested in securities in accordance with § 520.4. The interest paid on such accounts by a broker/dealer who does not elect to hold such property for a customer's account in a domestic bank shall not be less than the maximum rate payable on the shortest time deposit available in any domestic bank in the jurisdiction in which the broker/dealer holds the account.

(f) For purposes of this section, the term "interest-bearing account" means a blocked account earning interest at no less than the maximum rate payable on the shortest time deposit in the domestic bank where the account is held: *Provided however*, That such an account may include six-month Treasury bills or insured certificates, with a maturity not exceeding six months, appropriate to the amounts involved.

(g) The following types of property are subject to paragraphs (a) and (b) of this section:

(1) Any currency, bank deposit and bank accounts which remain blocked under the provisions of § 520.101(a)(1) through (5);

(2) Any property which remains blocked under the provisions of § 520.101(a)(1) through (5) and which consists, in whole or in part, of undisputed and either liquidated or matured debts, claims, obligations or other evidence of indebtedness, to the extent of any amount that is undisputed and liquidated or matured; and,

(3) Any proceeds resulting from the payment of an obligation under paragraph (c) of this section.

(h) For purposes of this section, the term "domestic bank" includes any FSLIC-insured institution (as defined in 12 CFR 561.1).

(i) For the purposes of this section the term "person" includes the United States Government or any agency or instrumentality thereof, except where the agency or instrumentality submits to the Office of Foreign Assets Control an opinion of its General Counsel that either:

(1) It lacks statutory authority to comply with this section, or (2) the requirements of paragraphs (a) and (b) of this section are inconsistent with the statutory program under which it operates.

[44 FR 11773, Mar. 2, 1979]

Subpart B—General Licenses

§ 520.1 General License No. 1.

A general license is hereby granted authorizing any payment or transfer of credit from a locked account to a blocked account in a domestic bank providing the following terms and conditions are complied with:

(a) Such payment or transfer shall not be made:

(1) From any blocked account in a domestic bank; or

(2) From any other blocked account of such payment or transfer represents, directly or indirectly, a transfer of interest from a foreign country or national thereof to any other country or person.

(b) This general license shall not be deemed to authorize:

(1) Any payment or transfer to any blocked account held in a name other than that of the foreign country or national thereof who is the ultimate beneficiary of such payment or transfer; or

(2) Any foreign exchange transaction including, but not by way of limitation, any transfer of credit, or payment of an obligation, expressed in terms of the currency of any foreign country.

This general license should not be employed to make any payment or transfer of credit comprising an integral part of a transaction which cannot be effected without the subsequent issuance of a further license.

CROSS REFERENCES: For additional material relating to § 520.1, see § 520.321. For general ruling with respect to payments or transfers between blocked accounts, see § 520.220.

§ 520.2 General License No. 2.

(a) A general license is hereby granted:

(1) Authorizing any banking institution within the United States to debit any blocked account with such banking institution (or with another office within the United States of such banking institution) in payment or reimbursement for normal service charges owed to such banking institution by the owner or such blocked account;

(2) Authorizing any banking institution within the United States to make book entries against any foreign currency account maintained by it with a banking institution in any foreign country for the purpose of responding to debits to such account for normal service charges in connection therewith.

(b) [Reserved]

(c) As used in this general license, the term "normal service charges" shall include charges in payment or reimbursement for interest due; cable, telegraph, or telephone charges; postage costs; custody fees; small adjustment charges to correct bookkeeping errors; and, but not by way of limitation, minimum balance charges, account carrying charges, notary and protest fees, and charges for reference books, photostats, credit reports, transcripts of statements, registered mail insurance, stationery and supplies, checkbooks, and other similar items.

§ 520.4 General License No. 4.

(a) A general license is hereby granted authorizing the bona fide sale of securities excepted from § 520.101 on a national securities exchange by banking institutions within the United States and the making and receipt of payments, transfers of credit, and transfers of such securities which are necessary incidents of any such sale; *Provided*, That:

(1) The proceeds of the sale are credited to a blocked account in the name of the national for whose account the sale was made and in the banking institution within the United States which held the securities for such national; and

(2) This general license shall not be deemed to authorize the sale of any security excepted from § 520.101 registered or inscribed in the name of any of the foreign countries listed in § 520.101(a)(1) or any national thereof, irrespective of the fact that at any time (whether prior to, on, or subsequent to April 10, 1940) the registered or inscribed owner thereof may have or appears to have, assigned, transferred or otherwise disposed of the security.

(b)-(c) [Reserved]

(d) Securities issued or guaranteed by the Government of the United States or any State, commonwealth, territory, district, county, municipality or other political subdivision thereof (including agencies and instrumentalities of the foregoing) need not be sold on a national securities exchange: *Provided*, That such securities are sold at market value and pursuant to all other terms and conditions prescribed in this general license.

§ 520.5 General License No. 5.

A general license is hereby granted authorizing the payment from any blocked account to the United States or any agency or instrumentality thereof or to any State, commonwealth, territory, district, county, municipality or political subdivision in the United States, of customs duties, taxes, and fees payable thereto, by the owner of such blocked account.

[31 FR 7626, May 27, 1966]

§ 520.11 General License No. 11.

(a) *Certain payments for living expenses from certain blocked accounts authorized.* A general license is hereby granted authorizing payments and transfers of credit in the United States from blocked accounts in domestic banking institutions held in the name of an individual within the United States to or upon the order of such individual: *Provided*, That:

(1) Such payments and transfers of credit are made for the living, traveling, and similar personal expenses in the United States of such individual or his family; and

(2) The total of all such payments and transfers of credit made under this general license from the accounts of such individual does not exceed $250 in any one calendar month.

(b) *Duty of banking institutions acting under this license.* Banking institutions effecting any such payment or transfer of credit shall satisfy themselves that the terms of this license are complied with.

§ 520.25 General License No. 25.

A general license is hereby granted exempting all transactions from the provisions of section 2A(1) of the order.

§ 520.26 General License No. 26.

A general license is hereby granted under section 2A(2) of Executive Order 8339, of April 10, 1940, as amended, authorizing the acquisition by, or transfer to, any person within the United States of any interest in any American Depositary Receipt or American Share physically situated within the United States representing any security or evidence thereof not physically situated within the United States which Receipt or Share was admitted to dealings on a national securities exchange on and prior to July 25, 1940:

Provided, however, That this general license shall not be deemed to authorize the issuance of American Depositary Receipts or American Shares against the deposit after July 25, 1940 of any security or evidence thereof not physically situated within the United States:

And provided, That this general license shall not be deemed to authorize any transaction prohibited by reason of any provision (or ruling or regulation thereunder) of such order other than section 2A(2).

§ 520.27 General License No. 27.

A general license is hereby granted authorizing:

(a) The payment to, and receipt by, a banking institution within the United States of funds or other property representing dividends or interest on securities held by such banking institution in a blocked account: *Provided*, That the funds or other property are credited to or deposited in a blocked account in the name of the national for whose account the securities were held, and in the banking institution within the United States which held such securities; and

(b) The payment to, and receipt by, a banking institution within the United States of funds payable in respect of securities (including coupons) excepted from § 520.101 presented by such banking institution to the proper paying agents within the United States for redemption or collection for the account and pursuant to the authorization of nationals of any country listed in § 520.101(a)(1): *Provided*, That:

(1) The proceeds of the redemption or collection are credited to a blocked account in the name of the national for whose account the redemption or collection was made and in the banking institution within the United States which held the securities for such national; and

(2) This general license shall not be deemed to authorize the presentment for redemption of any security excepted from § 520.101 registered or inscribed in the name of any country listed in § 520.101(a)(1), or any national thereof, irrespective of the fact that at any time (whether prior to, on, or subsequent to April 10, 1940), the registered or inscribed owner thereof may have, or appears to have, assigned, transferred or otherwise disposed of the security; and

(c) The performance of such other acts, and the effecting of such other transactions, as may be necessarily incident to any of the foregoing.

This general license shall not be deemed to authorize any payment, transfer or withdrawal from a blocked account in which the issuer of, or other obligor with respect to, a security has an interest if such issuer or obligor is a country listed in § 520.101(a)(1) or a national thereof.

§ 520.30 General License No. 30.

A general license is hereby granted authorizing any bank or trust company incorporated under the laws of the United States or any State, commonwealth, territory or district of the United States, or any private bank subject to supervision and examination under the banking laws of any State of the United States, acting as trustee of any trust administered in the United States or as legal representative of any estate of an infant or incompetent administered in the United States, in which trust or estate one or more persons who are nationals of one of the foreign countries listed in § 520.101(a)(1) have an interest, beneficial or otherwise, or are cotrustees or corepresentatives, to engage in the following transactions:

(a) Payments of distributive shares of principal or income to all persons legally entitled thereto who are not nationals of any of the foreign countries listed in § 520.101(a)(1); and

(b) Other transactions arising in the administration of such trust or estate which might be engaged in if no national of any of the foreign countries listed in § 520.101(a)(1) were a beneficiary, cotrustee or corepresentative of such trust or estate: *Provided, however*, That this section shall not be deemed to authorize such trustee or legal representative to engage in any transaction at the request, or upon the instructions, of any beneficiary, cotrustee or corepresentative of such trust or estate or other person who is a national of any of the foreign countries listed in § 520.101(a)(1).

[31 FR 7333, May 20, 1966; 31 FR 7625, May 27, 1966]

§ 520.30a General License No. 30A.

(a) A general license is hereby granted authorizing all transactions incident to the administration of the assets situated within the United States of any blocked estate in which any one of the following conditions is present:

(1) The estate is blocked solely by reason of an interest therein of a person other than the decedent; or

(2) [Reserved]

(3) The gross value of the assets within the United States does not exceed $5,000:

Provided, however, That any property paid or distributed to a national of a country listed in § 520.101(a)(1) pursuant to this general license shall be subject to all the provisions of the order: *And provided further,* That any payment or distribution of any funds, securities or other choses in action to a national of a country listed in § 520.101(a)(1) shall be made by deposit in a blocked account in a domestic bank or with a public officer, agency, or instrumentality designated by a court having jurisdiction of the estate:

(i) In the name of the national who is the ultimate beneficiary thereof; (ii) in the name of a person who is not a national of a country listed in § 520.101(a)(1) in trust for the national who is the ultimate beneficiary; or (iii) under any other designation which clearly shows the interest therein of such national.

(b) This general license also authorizes all transactions incident to the following limited acts of administration of the assets situated within the United States of any other blocked estate:

(1) The appointment and qualification of a personal representative;

(2) The collection and preservation of such assets by such personal representative and the payment of all costs, fees and charges in connection therewith; and

(3) The payment by such personal representative of funeral expenses and expenses of the last illness.

(c) This general license shall not be deemed to authorize:

(1) Any national of a country listed in § 520.101(a)(1) to act as personal representative or co-representative of any estate;

(2) Any national of a country listed in § 520.101(a)(1) to represent, directly or indirectly, any person who has an interest in an estate;

(3) Any transaction, directly or indirectly, at the request or upon the instructions of any national of a country listed in § 520.101(a)(1); or

(4) Any transaction which could not be effected if no national of a country listed in § 520.101(a)(1) had any interest in such estate.

(d) As used in this general license, the term "blocked estate" shall mean any decedent's estate in which a national of a country listed in § 520.101(a)(1) has an interest. A person shall be deemed to have an interest in a decedent's estate if he:

(1) Was the decedent;

(2) Is a personal representative; or

(3) Is a creditor, heir, legatee, devisee, distributee, or beneficiary.

(e) This general license authorizes all transactions incident to the collection, conservation, administration, liquidation, and distribution of any blocked estate engaged in since the effective date of the order, provided such transactions comply with the terms and conditions of this general license.

(f) Any transfer or other dealing in any property authorized under this general license shall not be deemed to limit or restrict the exercise of any power or authority under section 5(b) of the Trading With the Enemy Act, as amended.

§ 520.33 General License No. 33.

(a) *Certain remittances to U.S. citizens in foreign countries authorized.* A general license is hereby granted authorizing remittances by any person through any domestic bank to any individual who is a citizen of the United States within any foreign country and any domestic bank is authorized to effect such remittances, provided the following terms and conditions are complied with:

(1) Such remittances do not exceed $1,000 in any one calendar month to

any payee and his household and are made only for the necessary living and traveling expenses of the payee and his household, except that an additional sum not exceeding $1,000 may be remitted once to such payee if such sum will be used for the purpose of enabling the payee or his household to return to the United States;

(2) Such remittances are not made from a blocked account other than from an account in a banking institution within the United States in the name of, or in which the beneficial interest is held by, the payee or members of his household.

(b) *Methods of effecting remittances.* Remittances authorized in this section may be effected in free dollars.

(c) *Duty of persons and domestic banks acting under this section.* All persons making such remittances and all domestic banks effecting such remittances shall satisfy themselves that the foregoing terms and conditions are complied with.

§ 520.74 General License No. 74.

(a) *Certain U.S. citizens licensed as generally licensed nationals.* A general license is hereby granted licensing as a generally licensed national any citizen of the United States who is within any foreign country and who is a national of a country listed in § 520.101(a) (1).

§ 520.86 General License No. 86.

(a) A general license is hereby granted authorizing the following transactions:

(1) The payment of premiums and interest on policy loans with respect to any blocked life insurance policy;

(2) [Reserved]

(3) The issuance, servicing or transfer of any blocked life insurance policy in which the only blocked interest is that of a beneficiary:

Provided, however, That this paragraph does not authorize: (i) Any payment from any blocked account except a blocked account of the insured or beneficiary, or (ii) any payment by the insurer to a national of a country listed in § 520.101 (a)(1) unless payment is made by deposit in a blocked account in a domestic bank in the name of the national who is the ultimate beneficiary thereof.

(b) [Reserved]

(c) This general license further authorizes the application, in accordance with the provisions of the policy or the established practice of the insurer, of the dividends, cash surrender value, or loan value, of any blocked life insurance policy for the purpose of:

(1) Paying premiums;

(2) Paying policy loans and interest thereon;

(3) Establishing paid-up insurance; or

(4) Accumulating such dividends or values to the credit of the policy on the books of the insurer.

(d) As used in this general license:

(1) The term "blocked life insurance policy" shall mean any life insurance policy or annuity contract, or contract supplementary thereto, in which there is a blocked interest.

(2) Any interest of a national of a country listed in § 520.101(a)(1) shall be deemed to be a "blocked interest."

(3) The term "servicing" shall mean the following transactions with respect to any blocked life insurance policy:

(i) The payment of premiums, the payment of loan interest, and the repayment of policy loans;

(ii) The effecting by a life insurance company or other insurer of loans to an insured;

(iii) The effecting on behalf of an insured of surrenders, conversions, modifications, and reinstatements; and

(iv) The exercise or election by an insured of nonforfeiture options, optional modes of settlement, optional disposition of dividends, and other policy options and privileges not involving payment by the insurer.

(4) The term "transfer" shall mean the change of beneficiary, or the assignment or pledge of the interest of an insured in any blocked life insurance policy subsequent to the issuance thereof.

(e) This section shall not be deemed to authorize any transaction with respect to any blocked life insurance policy issued by a life insurance company or other insurer which is a national of a country listed in § 520.101(a)(1) or which is not doing business or effecting insurance in the United States.

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§ 520.87 General License No. 87.

A general license is hereby granted exempting all transactions from the provisions of section 2A(2) of the order, except transactions with respect to foreign scheduled securities as defined in § 520.205 (General Ruling No. 5) and domestic scheduled securities as defined in § 520.205b (General Ruling No. 5B).

NOTE: For interpretation of § 520.87, see § 520.335.

§ 520.94 General License No. 94, as amended.

(a) *Blocked countries generally licensed subject to certain conditions.* A general license is hereby granted licensing all blocked countries and nationals thereof to be regarded as if such countries were not foreign countries designated in the order: *Provided,* That

(1) Any property in which on the effective date hereof any of the following had an interest:

(i) Any blocked country (including countries licensed hereby) or person therein; or (ii) any other partnership, association, corporation, or other organization, which was a national of a blocked country (including countries licensed hereby) by reason of the interest of any such country or person therein; or

(2) Any income from such property accuring on or after the dates specified in paragraph (e) of this section, shall continue to be regarded as property in which a blocked country or national thereof has an interest and no payment, transfer, or withdrawal or other dealing with respect to such property shall be effected under, or be deemed to be authorized by this paragraph.

(b) *Transactions under other licenses authorized without regard to certain restrictions.* With respect to property subject to the proviso of paragraph (a) of this section, any transaction which is authorized under any license (other than §§ 520.1, 520.4, 520.27, and 520.30a, General Licenses Nos. 1, 4, 27, and 30A, or any other license to the extent that it merely authorizes transfers between blocked accounts of the same person or changes in the form of property held in a blocked account) may be effected without regard to any terms of such license relating to the method of effecting such transaction.

(c)-(d) [Reserved]

(e) *Effective date.* The effective date of this section shall be December 7, 1945, except that it shall be October 5, 1945, as to France, November 20, 1945, as to Belgium, November 30, 1946, as to Switzerland and Liechtenstein, December 31, 1946, as to Germany and Japan, and March 28, 1947, as to Sweden.

§ 520.98 General License No. 98.

(a) *Certain transactions with respect to coupons appertaining to foreign or domestic scheduled securities authorized.* Notwithstanding the provisions of § 520.205 (General Ruling No. 5) and § 520.205b (General Ruling No. 5B), the following transactions with respect to any coupon which is a foreign scheduled security or a domestic scheduled security, as defined in said sections (any such coupon is hereinafter referred to as a "scheduled coupon" for the purposes of this section) are licensed subject to paragraphs (a)(5) (i) and (ii) of this section if effected within the United States:

(1) Delivery by any person in the United States of any scheduled coupon for collection to any person who in the ordinary course of his business forwards for payment coupons appertaining to securities;

(2) Receipt from any person in the United States for collection and forwarding for collection of any scheduled coupon by any person who in the ordinary course of his business forwards for payment coupons appertaining to securities;

(3) Presentation of any scheduled coupon to the issuer or its paying agent for payment thereof;

(4) Payment of any scheduled coupon by the issuer or its paying agent upon condition that within 30 days after presentation for payment the issuer or its paying agent shall return the coupon to the person who presented it for payment; and

(5) Transfer of cash or credit for a scheduled coupon to any party to any

transaction licensed by this section; *Provided*, That:

(i) No transaction referred to in paragraphs (a) (1), (2), (3), (4), and (5) of this section is licensed except upon the condition that the party delivering, forwarding, or presenting any such scheduled coupon, upon return to him of such coupon, reimburse the person returning it to him in the amount paid or credited to him by that person.

(ii) No transaction licensed by this section shall operate to transfer title to or to discharge the obligation evidenced by any scheduled coupon unless authorized by a license from the Director, Office of Foreign Assets Control, expressly referring to General Ruling No. 5 or General Ruling No. 5B.

(b) *Reports and notices required.* The provisions of §§ 520.205(e)(5) and 520.205b(e)(5) apply to any person making a return of any scheduled coupon.

§ 520.101 General License No. 101.

(a) A general license is hereby granted licensing all property now blocked under the order to be regarded as property in which no blocked country or national thereof has, or has had, any interest: *Provided, however*, That the license granted by this paragraph shall not apply to any property blocked by reason of the interest on or since the effective date of the order of any of the following:

(1) Estonia, Latvia, Lithuania and Germany (except for any interest of Germany now owned by the Federal Republic of Germany, the city of Berlin (Western Sectors) or the Saar);

(2) Any individual, partnership, association, corporation, or other organization which on December 7, 1945, was in Estonia, Latvia, or Lithuania;

(3) Any individual, partnership, association, corporation, or other organization which on December 31, 1946, was in any of the areas of Germany under control or administration of the Union of Soviet Socialist Republics; or

(4) Any other partnership, association, corporation, or other organization which was a national of any country designated in paragraph (a)(1) of this section by reason of the interest therein of any such country or by reason of the interest therein of any individual, partnership, association, corporation, or other organization specified in paragraph (a) (2) or (3) of this section.

(b) Nothing in this section shall be deemed to apply to any property subject to §§ 520.205 and 520.205b (General Ruling Nos. 5 and 5B), relating to foreign and domestic scheduled securities.

(c) Nothing in this section shall be deemed to apply: (1) To any property or interest title to which is vested in the Attorney General, or as to which an outstanding supervisory order has been issued by the Attorney General or the Alien Property Custodian or the Office of Alien Property Custodian, or (2) to any business enterprise or its property as to which the Attorney General or the Alien Property Custodian or the Office of Alien Property Custodian has issued an outstanding supervisory order, or which has been vested or assets of or interests in which have been vested.

[38 FR 7985, Mar. 27, 1973, as amended at 47 FR 12339, Mar. 23, 1982]

§ 520.102 General License No. 102.

(a) A general license is hereby granted licensing any property in any account where the total value of the property in the account on June 1, 1953, was not more than $100 to be regarded as property in which no blocked country or national thereof has, or has had, any interest.

(b) Nothing in this section shall be deemed to apply to any property subject to §§ 520.205 and 520.205b (General Ruling Nos. 5 and 5B), relating to foreign and domestic scheduled securities.

(c) Nothing in this section shall be deemed to apply: (1) To any property or interest that has been vested, or as to which an outstanding supervisory order has been issued, by the Attorney General or the Alien Property Custodian or the Office of Alien Property Custodian or (2) to any business enterprise and/or its property as to which the Attorney General or the Alien Property Custodian or the Office of Alien Property Custodian has issued an outstanding supervisory order, or which has been vested, or assets of or interests in which have been vested.

§ 520.103 Unblocking of Hungarian and Czechoslovak property.

A general license is hereby granted licensing the following property blocked under Executive Order 8389, as amended, to be regarded as property in which no blocked country or national thereof has, or has had, any interest:

(a) All property blocked by reason of the interest on or since March 13, 1941, of Hungary or of any individual, partnership, association, corporation, or other organization which on January 1, 1945, was in Hungary.

(b) All property blocked by reason of the interest on or since June 14, 1941, of Czechoslovakia or of any individual partnership, association, corporation or other organization which on December 7, 1945, was in Czechoslovakia.

[47 FR 12339, Mar. 23, 1982]

Subpart C—General Rulings

§ 520.203 General Ruling No. 3.

The attention of banks, brokers, transfer agents, registrars and all other persons and banking institutions in the United States is invited to the fact that the Treasury Department construes Executive Order 8389, April 10, 1940, as amended, and the regulations issued pursuant thereto as prohibiting the acquisition, transfer, disposition, transportation importation, exportation, or withdrawal of, or the endorsement or guarantee of signatures on, or otherwise dealing in, or with respect to, any security (or evidence thereof) registered or inscribed in the name of any country designated in Executive Order 8389, April 10, 1940, as amended, or any national thereof, and not licensed under § 520.101 except pursuant to a specific license, irrespective of the fact that at any time (either prior to, on, or subsequent to April 10, 1940) the registered or inscribed owner thereof may have, or appears to have, assigned, transferred or otherwise disposed of any such security.

§ 520.204 General Ruling No. 4.

(a) Except as specifically provided in this section or otherwise, all definitions appearing in Executive Order 8389 of April 10, 1940, as amended, and the regulations issued thereunder, shall apply to the terms employed in all rulings, licenses, instruction, etc., and, in addition, the following definitions and rules of interpretation are prescribed:

(1) The term "order" shall mean Executive Order 8389, as amended.

(2) The term "license" shall mean a license issued under the order.

(3) The term "interest" when used with respect to property shall mean an interest of any nature whatsoever, direct or indirect.

(4) The term "blocked country" shall mean any foreign country designated in the order.

(5)-(6) [Reserved]

(7) Any person licensed as a "generally licensed national" shall, while so licensed, be regarded as a person within the United States who is not a national of any blocked country: *Provided, however,* That the licensing of any person as a "generally licensed national" shall not be deemed to suspend in any way the requirements of the order and regulations relating to reports, and the production of books, documents, records, etc. (see section 4 of the order).

(8) The term "blocked account" shall mean an account in which any blocked country or national thereof has an interest, with respect to which account payments, transfers or withdrawals or other dealings may not be made or effected except pursuant to a license authorizing such action. The term "blocked account" shall not be deemed to include the accounts of generally licensed nationals.

(9) The term "banking institution" shall have the meaning prescribed in section 5F of the order.

(10) The term "domestic bank" shall mean any branch or office within the United States of any of the following which is not a national of any blocked country: any bank or trust company incorporated under the banking laws of the United States or of any State, commonwealth, territory, or district of

the United States, or any private bank or banker subject to supervision and examination under the banking laws of the United States or of any State, commonwealth, territory or district of the United States. The Treasury Department may also authorize any other banking institution to be treated as a "domestic bank" for the purpose of this definition or for the purpose of any license, ruling, or instruction.

(11) The term "national securities exchange" shall mean an exchange registered as a national securities exchange under section 6 of the Securities Exchange Act of 1934 (48 Stat. 885; 15 U.S.C. 78f).

(12) Reference to any general license or general ruling which has been amended shall be deemed to refer to such license or ruling as amended.

(13) Any person who by virtue of any definition in the order is a national of more than one blocked country shall be deemed to be a national of each of such blocked countries.

(14) In any case in which a person is a national of two or more blocked countries, a license with respect to nationals of one of such blocked countries shall not be deemed to include such person unless a license of equal or greater scope is outstanding with respect to nationals of each other blocked country of which such person is a national.

(15) The Secretary of the Treasury reserves the right to exclude from the operation of any license or from the privileges therein conferred or to restrict the applicability thereof with respect to particular persons, transactions or property or classes thereof. Such action shall be binding upon all persons receiving actual notice thereof, or constructive notice if in any case notice is filed pursuant to the provisions of the Federal Register Act (49 Stat. 500, as amended by 50 Stat. 304, 44 U.S.C. 301 et seq.).

(16) No license shall be deemed to authorize any transaction prohibited by reason of the provisions of any law, proclamation, order or regulation, other than Executive Order 8389, as amended, and these regulations.

(17) Any amendment, modification, or revocation of any order, regulation, ruling, instruction, or license issued by or under the direction of the Secretary of the Treasury pursuant to section 3(a) or 5(b) of the Trading With the Enemy Act, as amended, shall not be deemed to affect any act done or omitted to be done, or any suit or proceeding had or commenced in any civil or criminal case, prior to such amendment, modification, or revocation, and all penalties, forfeitures, and liabilities under any such order, regulation, ruling, instruction, or license shall continue and may be enforced as if such amendment, modification, or revocation had not been made.

(18) No license or other authorization issued by or under the direction of the Secretary of the Treasury pursuant to the order or section 3(a) or 5(b) of the Trading With the Enemy Act, as amended, shall be deemed to authorize or validate any transaction effected prior to the issuance thereof, unless such license or other authorization specifically so provides.

[31 FR 7333, May 20, 1966; 31 FR 7625, May 27, 1966]

§ 520.205 General Ruling No. 5.

(a) *Prohibitions with respect to foreign scheduled securities.* Except as authorized by license or other authorization specifically referring to this section from the Director, Office of Foreign Assets Control, Treasury Department, or as required or authorized by paragraph (e) of this section, any transfer of, dealing in, or other transaction by a person within the United States or a person subject to the jurisdiction of the United States with respect to a foreign scheduled security or any obligation, interest, or claim of which such security is evidence, is prohibited.

(b) *Definition.* As used in this section, the term "foreign scheduled securities" shall include all securities wherever located which appear on the list in paragraph (g) of this section, entitled "Foreign Scheduled Securities," including coupons appertaining thereto.

(c) *Notice.* The provisions of this section shall apply whether the parties to any act with respect to foreign scheduled securities prohibited by this section, or persons subject to the requirements with respect to foreign scheduled securities imposed by this section, do or do not have actual notice or knowledge that such securities are foreign scheduled securities.

(d) *Effect of a prohibited transaction.* Any transaction in violation of the prohibitions contained in paragraph (a) of this section shall be null and void.

(e) *Duty of persons bringing, receiving, or holding foreign scheduled securities.* (1) Foreign scheduled securities brought from a foreign country to the United States by any person shall be forwarded by such person within five (5) days after his arrival in the United States to the Federal Reserve Bank of New York together with a statement in triplicate setting forth the following:

(i) His name and address;

(ii) A complete description of the securities;

(iii) The name and address of the person from whom he received the securities and the date of receipt; and

(iv) The circumstances under which the securities were received.

(2) Foreign scheduled securities mailed or otherwise sent from a foreign country to any person within the United States shall be forwarded by such person within five (5) days after receipt thereof to the Federal Reserve Bank of New York together with the above-specified statement in triplicate.

(3) Foreign scheduled securities held on January 20, 1951, by any person within the United States (whether for himself or for any other person) shall within 30 days thereafter be forwarded by such person to the Federal Reserve Bank of New York together with the above-specified statement in triplicate. Any such person who on January 20, 1951, held foreign scheduled securities as security for an obligation owing to him shall not be required to forward the securities to the Federal Reserve Bank of New York, but shall be required to file the above-specified statement in triplicate with the Office of Foreign Assets Control, Treasury Department, Washington, DC, 20220, together with a statement of the circumstances under which the securities are being held.

(4) Foreign scheduled securities received by any person within the United States (whether for himself or for any other person) shall be forwarded by such person within five (5) days after receipt thereof to the Federal Reserve Bank of New York together with the above-specified statement in triplicate.

(5) Any person required by the provisions of paragraph (e) (3) or (4) of this section to forward securities to the Federal Reserve Bank of New York may, instead, return such securities to the person from whom he received them, if the latter is within the United States. The person initiating such return shall file a report with the Office of Foreign Assets Control, Treasury Department, Washington, DC, 20220, giving the name and address of the person to whom he makes such return and he shall advise such person that they are foreign scheduled securities which should be deposited with the Federal Reserve Bank of New York pursuant to this ruling unless they are returned with a similar notice to the person in the United States from whom they were received. The last person in the United States to whom such securities are returned under this paragraph shall forward them to the Federal Reserve Bank of New York, together with the above-specified statement in triplicate with respect to his original receipt of the securities. In case securities are returned under the rules of a securities exchange, an association of securities dealers, or a similar organization, the last member of an exchange or similar organization or dealer to whom such securities are returned under such procedure, if he is not the last person to whom such securities are returned hereunder, shall file with the Office of Foreign Assets Control, Treasury Department, Washington, DC, 20220, the above-specified statement in triplicate with respect to his original receipt of the securities together with the date on which he returned such securities to the person from whom he received them.

(6) Foreign scheduled securities held by any person not within the United States may be deposited with the Federal Reserve Bank of New York to-

gether with the statement specified in paragraph (e)(1) of this section on or before July 31, 1951.

(7) Acts or transactions required or authorized by the provisions of this paragraph are licensed to the extent, and only to the extent, of permitting compliance therewith.

(f) *Disposition of securities delivered to Federal Reserve Bank of New York.* The Federal Reserve Bank of New York shall act only as fiscal agent of the United States under this section, and shall receive and hold securities delivered to it pursuant to this section as such fiscal agent, subject to the further order of the Director, Office of Foreign Assets Control. Applications for release of securities so held may be filed with the Office of Foreign Assets Control, Treasury Department, Washington, DC 20220.

(g) *Appendix.*

FOREIGN SCHEDULED SECURITIES

BONDS

Antwerp, City of—External Sinking Fund Gold 5% Loan of 1928—Due 1958:

$1,000—2298, 2300.

Argentine, Republic of—Sinking Fund 4% Conversion Loan Due February 15, 1972:

$1,000—11443, 12568, 16957, 19003, 21613, 21614, 24179, 24724, 25347, 25348, 25352, 25353, 25355, 28578, 31200, 31201, 31202, 33563, 34332, 34704, 35382, 39176, 40100, 40101, 40102, 40103, 40104, 40146, 49054, 49702, 54547, 54548, 55213, 55931, 55933, 58783, 59842, 59975, 60755, 60756, 60757, 60758, 60806, 60807, 60808, 62925, 62926, 64446, 68258, 68259, 68260, 68261, 68262.

$500—1946.

Argentine, Republic of—6% Bonds 1923/57:

$1,000—9988.

Australia, Commonwealth of—4½% Bonds 1928 Due 1956:

$1,000—3426, 3428, 9814, 9908, 9909, 9910, 15343, 20862, 27202, 31011, 44858.

Australia, Commonwealth of—5% Bonds 1925 Due 1955:

$1,000—6932, 6933, 19046, 19047, 19048, 19049, 19050, 19051, 22879, 40093.

Belgium, Kingdom of—30 Year External Sinking Fund 6% Gold Loan of 1925 Due 1955:

$1,000—7493.

Bolivia, Republic of—External Secured Sinking Fund Gold Bonds 7% of 1928 Due 1969:

$1,000—1089, 8171, 10531, 13799, 13824, 16290, 17449, 18070, 21228.

Bolivia, Republic of—8% Bonds, 1922/47:

$1,000—1083, M13981, 14941.

Brazil, United States of—5% Funding Bonds Due 1951:

$1,000—9745.

$100—20663, 20664, 20665, 20667, 20674, 33915, 33941, 33942, 33949, 34898, 34899, 34900, 35181, 35182, 35498, 35499, 35500, 35501, 41538, 41678, 42804, 42805, 42835, 42868, 42869, 48337, 57746, 57747, 60446, 60464, 62521, 66824, 70275, 70276, 70281, 71485, 71486.

Brazil, United States of—External Sinking Fund Gold 6½% Loan of 1926 Due October 1, 1957:

$1,000—59, 301, 2318, 4097, 7795, 9990, 12239, 13199, 13327, 13973, 14223, 14543, 17000, 17454, 18237, 18238, 18564, 19582, 19586, 19592, 19620, 19632, 19633, 19798, 19824, 19825, 19903, 19915, 19975, 20085, 20120, 20138, 20159, 20164, 20170, 20256, 20270, 20416, 20438, 20504, 20531, 20563, 20573, 20578, 20586, 20603, 20632, 20633, 20716, 20733, 20745, 20758, 20853, 20914, 20928, 20938, 21007, 21008, 21030, 21036, 21081, 21082, 21155, 21259, 21361, 21367, 21408, 21428, 21432, 21448, 21773, 21779, 21780, 21863, 21883, 21948, 21961, 21998, 22074, 22136, 22189, 22192, 22216, 22346, 22370, 22407, 22425, 22433, 22434, 22435, 22469, 22470, 22471, 22486, 22514, 22515, 22591, 22650, 22679, 22684, 22880, 22897, 22928, 22998, 23072, 23219, 23222, 23317, 23349, 23378, 23389, 23440, 23447, 23489, 23490, 23524, 23591, 23628, 23712, 23855, 24259, 24968, 25361, 25485, 25674, 25767, 25857, 26358, 26462, 26650, 26832, 27583, 27637, 27648, 27776, 27788, 28711, 28767, 28855, 29213, 29838, 31500, 31886, 33105, 33789, 34363, 34449, 34687, 35661, 36007, 36086, 36181, 36573, 36802, 37382, 38916, 39175, 40318, 40884, 41034, 41691, 46344, 47676, 48342, 48664, 48665, 48896, 49395, 49415, 50114, 51915, 52758, 53831, 53997, 54239, 54240, 54372, 54608, 55468, 56019.

$500—520, 545, 546, 769, 804, 887, 943, 1082, 5805.

Brazil, United States of—6½% Bonds Issued 1927 Due 1957:

$1,000—24641.

Brisbane, City of—External Sinking Fund Gold 5% Loan of 1928 Due 1958:

$1,000—4072, 5334.

Buenos Aires, Province of—3% Bonds 1936/84:

$100—758, 1260, 1350, 1391, 1957, 1958, 2127, 4099, 4100, 5641.

Buenos Aires, Province of—4⅛%-4⅜% External Readjust, Sinking Fund Due 3/1/77:

$1,000—355, 356, 395, 396, 4219, 4889, 7191, 8335, 10851, 11263, 11273, 11284, 11285, 11286, 11287, 11330, 13766, 14043, 14320, 14322, 14323, 14359, 14402, 14456, 14555, 16209, 16210, 16214, 16973, 17005, 17012, 17034, 17035, 17036, 17053, 17061, 17062, 17063, 17064, 17081, 17095, 17130, 17426, 17434, 17488, 17502, 17505, 18676, 19409, 19414, 21648, 21649, 22952, 22968, 22984,

22985, 22986, 22987, 22999, 23302, 23716, 24253, 24581, 24651, 24780, 25392, 25731, 31338, 31488, 31766, 31917, 32103, 32391, 32775, 32776, 32777, 32778, 32779, 32780, 32979, 34637, 34638.

$500—1042, 1043, 1047, 1048, 1049, 1058, 1059, 1076, 1446, 1448, 1454, 1472, 1636, 1697, 1698, 1791, 1794, 1932, 1933, 2734, 2735, 2736, 2738, 2739, 3564.

Caja De Prestamos Para Obras De Irrijacien Y Fomente De La Agriculture S. A.—4½% 35 Year Gold Bonds Due 1943:

$1,000—5446, 5574, 5984, 6859, 8189, 9061, 9082, 9386, 9473, 9692, 10520, 12622.

$100—3315, 8119.

Canada, Dominion of—3% Bonds 1938 Due 1968:

$1,000—34446.

Canada, Dominion of—5% Bonds 1922 Due 1952:

$1,000—17199.

Canadian National Railway Co.—Guaranteed Gold 5% Bonds Issued July 1929 Due 1969:

$1,000—25208, 46536.

Canadian National Railway Co.—Guaranteed Gold, 5% Bonds Issued October 1929 Due 1969:

$1,000—9886, 11257, 18717.

Canadian Pacific Railway Company Perpetual 4% Consolidated Debenture Stock:

$1,000—1162, 1643, 2244, 2893, 4521, 4653, 5205, 6818, 6993, 7042, 8583, 9515, 10016, 10428, 11934, 14039, 15902, 16285, 16313, 16447, 16470, 17148, 17779, 18053, 18482, 18769, 18885, 19661, 19665, 19666, 19667, 19984, 20101, 20349, 21227, 21707, 21708, 22407, 22788, 24517, 29180, 29909, 30187, 30442, 31628, 31920, 32285, 33534, 33932, 34111, 34146, 35465, 36832, 36955, 36956, 37817, 39852, 44210, 44262, 44263, 44264, 44572, 45459, 45834, 76073, 76074, 76075, 76076, 76077, 80802, 81513, 84283, 86126, 86263, 86825.

$500—364, 1888, 1889, 4133, 4134.

Canadian Pacific Railway Company—4½% Gold Bonds 20 Year Guaranteed, 1926/46:

$1,000—222, 300, 306, 2273, 3169, 3194, 3558, 3747, 5375, 8358, 9550, 9551, 11120, 11503, 11516, 16074, 16282, 16286, 16304, 17868.

$500—147, 148, 1895, 2518, 2519, 3231, 3232.

Canadian Pacific Railway Company—4½% 30 Year Guaranteed Gold Bonds Due July 1, 1960:

$1,000—206, 370, 371, 387.

$500—86, 87, 88, 108, 109, 110, 111, 137, 158, 167, 169, 172, 257, 258, 259, 260, 261, 262, 263, 264.

Carlsbad, City of—8% External Loan Bonds 1924 Due 1954:

$1,000—300, 301, 302, 303, 595, 597, 598, 1050, 1051, 1052.

Cauca Valley, Department of (Columbia)—7% 1948:

$1,000—1149.

Chile, Republic of, External Sinking Fund Gold 6% Loan of 1926 Due 1960:

$1,000—1493, 2111, 2141, 2171, 2237, 2380, 2457, 2475, 2482, 2483, 2505, 2506, 2512, 2516, 2535, 2723, 2724, 2795, 2806, 2844, 2854, 2914, 2919, 2934, 2981, 3142, 3143, 3144, 3145, 3146, 3147, 3148, 3149, 3150, 3151, 3198, 3256, 3301, 3358, 3379, 3390, 3451, 3452, 3489, 3575, 3653, 3875, 3931, 3940, 4880, 7137, 8957, 9733, 9783, 11219, 12764, 14000, 14418, 15053, 15527, 15988, 17222, 17974, 18599, 18882, 19204, 20547, 23046, 24418, 24907, 28843, 30398, 30976, 31084, 31499, 31586, 32229, 32736, 33379, 34785, 35473, 35594, 35658, 36121, 36944, 38633, 38710, 40248, 40263, 40344.

$500—236, 241, 242, 476, 507, 535, 536, 543, 548, 572, 580, 594, 600, 602, 636, 748, 749, 750, 751, 771, 772, 1605.

Chile, Republic of, External Sinking Fund Gold Loan 6% of 1927 Due 1961:

$1,000—126, 133, 171, 206, 291, 353, 363, 564, 602, 619, 629, 715, 717, 719, 740, 807, 871, 872, 877, 1007, 1008, 1198, 1223, 1246, 1316, 2006, 2415, 3392, 5242, 5283, 6095, 6769, 7334, 9227, 9228, 9391, 9682, 12812, 13810, 17229, 19029, 19357, 19595, 20436, 21023, 21619, 22010, 22598, 22933, 23216, 23340, 23503, 23554, 24380, 24467, 24933, 25579.

$500—39, 181, 182, 240, 242, 281, 282.

Chile, Republic of, External Railway Ref. Sinking Fund—6% Gold Loan of 1928 Due Jan. 1, 1961:

$1,000—1264, 1273, 1288, 1359, 1382, 1393, 1394, 1409, 1445, 1451, 1491, 1569, 1609, 1612, 1618, 1626, 1638, 1643, 1687, 1698, 1711, 1738, 1924, 1925, 1932, 1934, 2110, 4111, 4967, 15048, 15254, 15342, 15343, 21363, 26403, 26441, 30840, 34642, 37801, 38053, 39004, 39005, 39036, 39700, 40718, 44191.

$500—268, 288, 474, 657, 658, 2115, 2294.

Chile, Republic of, External Sinking Fund Gold—6% of 1929, Due 1962:

$1,000—39, 59, 60, 144, 210, 223, 224, 247, 248, 3237, 7208, 7342, 8759.

$500—316, 317, 555, 556, 573, 586, 592, 593, 594, 630.

Chile, Republic of, External Sinking Fund Gold—6% of 1930 Due 1963:

$1,000—32, 186, 202, 231, 288, 289, 290, 291, 292, 293, 294, 347, 350, 351, 385, 5681, 14425, 16065, 16428, 18264, 21244.

$500—D 97, D 98.

Chile, Republic of—7% Bonds, 1922/42:

$1,000—1139, 6734, 10040, 10461, 14099.

Chilean Consolidated Municipal Loan External Sinking Fund Gold 7% Series A, 1929/60:

$1,000—27, 34, 35, 36, 37, 133, 162, 314, 421, 422, 431, 432, 433, 434, 435, 464, 465, 535, 608, 609, 710, 725, 769, 802, 1507, 1508, 4575, 6629, 6630, 7094, 8487, 10556, 10557, 11395, 11396.

$500—21, 95, 137, 138, 139, 154, 168, 180, 209, 216, 281, 286, 287, 288, 289, 290, 291, 342, 343, 344.

Chinese Republic—5% Bonds 1925/48:

$50—781737, 781738, 781747, 781753, 781756, 781777, 781780, 781781, 781788, 781799.

Colombia, Republic of—4% Bonds 1934/46:

$30—E 18308, E 47740.

Colombia, Republic of—External Sinking Fund Gold 6% Loan of 1927 Due January 1, 1961:

$1,000—479, 698, 926, 13649, 16001, 16493.

$500—159, 425.

Cuba, Republic of—External Gold 4½% Loan of 1909 Due August 1949:

$1,000—2312, 9804, 9805, 10239, 10283.

Cuba, Republic of—External Sinking Fund 4½% of 1937 Due 1977:

$1,000—79691, 79886, 79891, 80755.

$100—6597, 6602.

Denmark, Kingdom of—External Gold 4½% Loan of 1928 Due 1962:

$1,000—459, 710, 2182, 2939, 4572, 5101, 14620, 17538, 25691, 26514, 26515, 35976, 37012, 38205, 38811, 39701, 42515, 44317, 48930, 50724, 52276, 52744, 54646, 54817, 54822, 54823.

Denmark, Kingdom of—External Gold 5½% Loan of 1925 Due 1955:

$1,000—5591, 5829, 27520.

$500—1440.

Denmark, Kingdom of—External Gold 6% Loan of 1921 Due 1942:

$1,000—26032.

Dominican Republic Customs Administration—20 year 5½% Gold Loan of 1922-6 Due 1961:

$1,000—197, 266, 276, 400, 426, 757, 900, 1072, 1442, 1992, 2672, 2793, 2795, 2896, 2946, 3667, 4130, 4544, 4577, 5552, 5667, 5789, 6376, 7176, 7322, 8507, 8544, 8757, 9777.

Dominican Republic Customs Administration, Sinking Fund Gold 5½% Loan of 1926-1928 Due 1969 First Series:

$1,000—928, 2864, 3004, 4871, 4872, 4873, 4874.

Dominican Republic—Sinking Fund Gold 5½% Loan of 1926-1928—Due 1969:

$1,000—97, 101, 114, 2468, 2479, 2527, 2633, 3363.

$500—101, 109, 114, 115.

Frankfort on Main, City of—7% Bonds, 1925-1945:

$1,000—3576.

German Atlantic Cable Company—7% Bonds 1925-1945:

$1,000—35, 36, 45, 46, 48, 49, 68, 69, 86, 101, 127, 145, 156, 160, 161, 162, 164, 181, 182, 184, 193, 215, 274, 300, 319, 335, 351, 413, 420, 425, 438, 479, 485, 592, 593, 665, 697, 736, 779, 802, 826, 868, 910, 1004, 1051, 1052, 1115, 1181, 1183, 1186, 1188, 1266, 1741, 1876, 1879, 1881, 1972, 2101, 2147, 2227, 2340, 2343, 2366, 2414, 2463, 2521, 2522, 2662, 2705, 2707, 2729, 2737, 2742, 2751, 2752, 2763, 2861, 2950, 2957, 2977, 2984, 2987, 3159, 3249, 3263, 3347, 3394, 3432, 3484, 3507, 3568, 3576, 3583, 3585, 3586, 3591, 3603, 3612, 3620, 3636, 3640, 3690, 3751, 3791.

$500—7, 16, 83, 180, 296.

Germany, Government of—7% 1924 Due 1949:

$1,000—55040, 55043, 66023, 66024, 66025, 66026, 66027, 66028, 66030, 66031, 66032, 66033, 66034, 66035, 66036, 66038, 66039, 66040, 66041, 66043, 66044, 66045, 66047, 66048, 66049, 66050, 98105.

Haiti, Republic of—6% 1922-1952:

$1,000—4988, 8031.

Hellenic Republic Water Works—Gold Bonds 4% 1985:

Face value not stated—673, 3066, 5871, 6890.

Japan, Empire of—6½% Sinking Fund Gold Bonds of 1924 Due 1954:

$1,000—53833.

Mexican Funding Notes (coupon 1 and 2):

$4.00—3487, 3488.

$8.00—18646, 19968, 20658.

$9.00—6296, 6297, 6298, 65684.

$20.00—35567, 35568, 35569, 35570, 35571.

$70.00—35567, 35568, 35569, 35570, 35571.

Milan, City of—External Sinking Fund Gold 6½% Loan of 1927 Due 1952:

$500—278, 586.

$100—585, 1007, 1186, 1188.

Mortgage Bank of Chile—Guaranteed Sinking Fund 6% Bonds 1928—Maturity 1961:

$1,000—1548, 1549.

Mortgage Bank of Chile—Guaranteed Sinking Fund Gold Loan 6½% Bonds 1925-1957:

$1,000—4544, 5091.

National Economic Bank of Warsaw, 7% or 4½% 1928 Due 1966:

$1,000—222, 223, 224, 225, 226.

National Railways of Mexico—4½% Prior Lien Sinking Fund Gold Due 1957:

$1,000—34468.

New South Wales, State of—External Sinking Fund Gold 5% Loan of 1927 Due 2-1-57:

$1,000—2308, 7618, 10723, 16152, 16833, 17249, 17250, 17377, 17499, 17502, 17528, 17552, 17553, 17574, 17634, 17635, 19516, 21991, 23587, 23629.

$500—226, 522, 523, 527, 528, 529.

New South Wales, State of—External Sinking Fund Gold 5% Loan of 1927 Due April 1, 1958:

$1,000—3340, 5382, 5713, 5951, 18942, 21338.

Norges Kommunal Bank, S. F. Gold—5% 1930 Due 1970:

$1,000—1584.

North German Lloyd—Sinking Fund 4% Bonds 1933-1947:

$1,000—6655.

Norway, Kingdom of—6% Bonds 1923 Due 1943:

$1,000—18507.

Nova Scotia, 4½%, 1927-1952:

$1,000—3691.

Panama, Republic of—External Secured Sinking Fund Gold 5% Loan Series A Due 1963:

$1,000—93, 249, 577, 578, 3070, 8660, 9822, 10774.

$500—69.

Peru, Republic of (National Loan)—External Sinking Fund Gold 6% First Series Due 1960:

$1,000—1380, 2188, 2189, 2563, 2621, 2623, 2893, 3864, 4400, 4414, 4416, 4422, 4471, 4490, 4575, 4576, 4577, 4609, 4610, 4611, 4613, 4614, 4619, 4833, 4689, 4702, 4729, 4731, 4753, 4790, 4791, 4859, 4882, 4887, 4898, 4904, 4905, 4910, 4919, 4945, 4985, 4989, 5054, 5055, 5059, 5060, 5065, 5108, 5133, 5134, 5182, 5226, 5253, 5258, 5259, 5260, 5261, 5262, 5263, 5264, 5265, 5266, 5281, 5304, 5305, 5306, 5344, 5360, 5377, 5379, 5386, 5427, 5428, 5436, 5453, 5495, 5507, 5528, 5558, 5589, 5604, 5773, 5823, 6210, 6325, 6326, 6941, 7082, 9656, 10164, 10420, 11359, 11404, 11770, 11995, 12083, 12446, 12921, 14325, 14328, 14510, 15191, 15228, 15243, 15490, 15604, 15921, 16376, 16377, 17909, 18542, 18844, 18919, 19259, 19362, 19763, 20605, 20606, 20744, 21337, 21760, 22227, 23621, 24902, 24927, 27485, 28587, 28924, 29190, 29352, 29388, 29393, 30229, 31360, 31954, 32190, 32191, 32192, 32193, 33246, 34183, 35714, 36918, 37186, 39832, 40328, 40756, 42487, 42637, 42731, 44495, 45129, 45461, 45790.

$500—452, 459, 481, 482, 483, 510, 521, 531, 559, 582, 583, 584, 585, 596, 650, 651, 828, 835, 858, 863, 877, 878, 879, 882, 883, 889, 900, 905, 906, 907, 926, 941, 970, 971, 986, 997.

Peru, Republic of (National Loan)—External Sinking Fund Gold 6% Second Series Due 1961:

$1,000—11, 14, 58, 69, 70, 77, 87, 88, 137, 142, 148, 158, 159, 217, 218, 228, 239, 293, 294, 313, 314, 315, 435, 436, 459, 501, 502, 516, 540, 570, 571, 582, 598, 600, 610, 611, 647, 648, 656, 662, 670, 702, 720, 733, 753, 769, 779, 839, 858, 863, 870, 883, 886, 887, 947, 1029, 1062, 1066, 1079, 1080, 1081, 1141, 1148, 1149, 1150, 1151, 1156, 1162, 1163, 1231, 1251, 1343, 1344, 1345, 1346, 1347, 1348, 1349, 1483, 1584, 1993, 3563, 4640, 4656, 4657, 4658, 4659, 5286, 6145, 6422, 8007, 8008, 8010, 8473, 9467, 9691, 9746, 10417, 13383, 14871, 15754, 16711, 16712, 16976, 17157, 17158, 20355, 21762.

$500—15, 68, 79, 85, 86, 87, 88, 125, 177, 181, 193, 252, 285, 290, 293, 338, 368, 398, 1717.

Peru, Republic of—Secured Sinking Fund Gold 7% (Tobacco) Loan Series of 1927 Due 1959:

$1,000—88, 128, 197, 894, 1725, 1837, 2192, 2212, 2216, 2218, 2219, 2221, 2268, 2269, 2287, 2290, 2344, 2365, 2366, 2372, 2383, 2384, 2407, 2409, 2416, 2440, 2497, 2507, 2508, 2536, 2586, 2620, 2621, 2625, 2656, 2699, 2750, 2889, 2891, 2899, 2942, 2943, 2952, 2965, 2969, 3004, 3028, 3049, 3052, 3055, 3056, 3057, 3058, 3059, 3083, 3089, 3104, 3111, 3112, 3132, 3152, 3730, 3944, 9513, 9630, 9633, 9815, 9846, 9847, 9865, 9948, 9969, 11038, 11332, 11606, 12359, 12720, 12830, 13061, 13150, 13449, 13756, 14136, 14432.

$500—305, 322, 326, 346, 374, 396, 399, 402, 474, 481, 506, 509, 535, 563, 576, 579, 587, 705.

Poland, Republic of, 4½% External Sinking Fund Bonds (Formerly 7% Extended From 1947) Due 1968:

$1,000—1672, 1673, 1674.

Queensland, State of (Australia)—25 Year Sinking Fund External Gold 6%, Due February 15, 1947:

$1,000—3847.

$500—1025, 1027.

Rio de Janeiro, State of—External Secured Sinking Fund Gold 6½% of 1929 Due 1959:

$1,000—5212, 5675.

Rio Grande Do Sul (Brazil)—6% Bonds 1928-1968:

$1,000—7227.

Ruhr, Gas Corporation—6½% Bonds 1928-1953:

$1,000—1846A, 7688.

Saarbruecken, City of—6% Bonds 1927 Due 1953:

$1,000—2807, 2808, 2809.

Sao Paulo, State of—7% Due 1956:

$1,000—4673.

Sao Paulo, State of—25 Year External 8% Gold Loan of 1925 Due 1950:

$1,000—68, 501, 564, 580, 764 769, 796, 927, 930, 931, 932, 933, 934, 958, 959, 960, 961, 968, 969, 1047, 1048, 1049, 1091, 1109, 1123, 1171, 1172, 1226, 1273, 2377, 3182, 3372, 3427, 3675, 5517, 6211, 7836, 8295, 9112, 9113, 9808, 10456, 11170, 12181, 12274, 12275, 13034.

$500—9, 10, 51, 57, 636, 1507, 1583, 1584, 1585, 1586, 1587, 1588, 1589, 1590, 1591, 1592, 1621, 1622, 1623, 1624, 1625, 1626, 1751, 1752, 1753, 1754, 1808, 1809, 1890.

Uruguay, Republic of—External Readjustment 3¾, 4, 4⅛% Due 1979:

$1,000—26128, 26129, 26135, 26137, 26138, 26139, 26140, 26141, 26142, 31374, 31375, 31376, 31377, 31378, 31379, 35638, 35639, 35679, 35680, 35714, 35715, 35729, 35732, 35738, 35793, 35794, 35877, 35878, 35962, 35977, 36001, 36002, 36003, 36044, 36077, 36078, 36086, 36095, 36360, 36362, 36363, 36435, 36436, 36437, 36440, 36457, 36458, 36459, 36460, 36461, 36836, 37312, 37313, 37314, 37322, 37323, 37327, 37329, 37330, 37344, 37345, 37349, 37350, 37351, 37352, 37378, 37400, 38607, 38608, 39654, 39656, 39657, 39659, 39660.

$500—2147, 2182, 2183, 2217, 2218, 2229, 2230, 2248, 2249, 2360, 2361, 2362, 2512, 2518, 2519.

Vera Cruz & Pacific Railroad Company—4½% Guaranteed 1st Mortgage Gold Bonds Due 1934:

$1,000—1305, 1766, 4946, 6322.

Vienna, City of (Wiener Stadtanleihe)—Gold Issue 6% 1927-1952:

$1,000—12022, 12653, 12953.

$500—1252.

Westphalia United Electric Power Corporation (Vereingte Elektrizitaetswerke Westfalen A.G.) First Sinking Fund Gold—6% Series A, Due 1953:

$1,000—7129, 10720, 14341.

Yugoslavia, Kingdom of, Funding 5%, First Series Issued, 1932 Due 1956:

$500—1245.

$100—10938, 10939, 10945, 10946, 12912, 16660, 16661, 16662, 16674.

NOTE: For interpretation of § 520.205, see § 520.340 (Public Circular No. 40).

[31 FR 7333, May 20, 1966; 31 FR 8404, June 16, 1966, as amended at 31 FR 13001, Oct. 6, 1966; 35 FR 11905, July 24, 1970; 41 FR 27963, July 8, 1976]

§ 520.205b General Ruling No. 5B.

(a) *Prohibitions with respect to domestic scheduled securities.* Except as authorized by license or other authorization specifically referring to this section from the Director, Office of Foreign Assets Control, Treasury Department, or as required or authorized by paragraph (e) of this section, any transfer of, dealing in, or other transaction with respect to, a domestic scheduled security or any obligation, interest, or claim of which such security is evidence, is prohibited.

(b) *Definition.* As used in this section, the term "domestic scheduled securities" shall include all securities wherever located which appear on the list in paragraph (g) of this section, entitled "Domestic Scheduled Securities," including coupons appertaining thereto.

(c) *Notice.* The provisions of this section shall apply whether the parties to any act with respect to domestic scheduled securities prohibited by this section, or persons subject to the requirements with respect to domestic scheduled securities imposed by this section, do or do not have actual notice or knowledge that such securities are domestic scheduled securities.

(d) *Effect of a prohibited transaction.* Any transaction in violation of the prohibitions contained in paragraph (a) of this section shall be null and void.

(e) *Duty of persons bringing, receiving, or holding domestic scheduled securities.* (1) Domestic scheduled securities brought from a foreign country to the United States by any person shall be forwarded by such person within five (5) days after his arrival in the United States to the Federal Reserve Bank of New York together with a statement in triplicate setting forth the following:

(i) His name and address;

(ii) A complete description of the securities.

(iii) The name and address of the person from whom he received the securities and the date of receipt; and

(iv) The circumstances under which the securities were received.

(2) Domestic scheduled securities mailed or otherwise sent from a foreign country to any person within the United States shall be forwarded by such person within five (5) days after receipt thereof to the Federal Reserve Bank of New York together with the above-specified statement in triplicate.

(3) Domestic scheduled securities held on January 20, 1951, by any person within the United States (whether for himself or for any such person) shall within 30 days thereafter be forwarded by such person to the Federal Reserve Bank of New York together with the above-specified statement in triplicate. Any such person who on January 20, 1951, held domestic scheduled securities as security for an obligation owing to him shall not be required to forward the securities to the Federal Reserve Bank of New York, but shall be required to file the above-specified statement in triplicate with the Office of Foreign Assets Control, Treasury Department, Washington, DC 20220, together with a statement of the circumstances under which the securities are being held.

(4) Domestic scheduled securities received by any person within the United States (whether for himself or for any other person) shall be forwarded by such person within five (5) days after receipt thereof to the Federal Reserve Bank of New York together with the above-specified statement in triplicate.

(5) Any person required by the provisions of paragraph (e) (3) or (4) of this section to forward securities to the Federal Reserve Bank of New York may, instead, return such securities to the person from whom he received them, if the latter is within the

United States. The person initiating such return shall file a report with the Office of Foreign Assets Control, Treasury Department, Washington, DC 20220, giving the name and address of the person to whom he makes such return and he shall advise such person that they are domestic scheduled securities which should be deposited with the Federal Reserve Bank of New York pursuant to this ruling unless they are returned with a similar notice to the person in the United States from whom they were received. The last person in the United States to whom such securities are returned under this paragraph shall forward them to the Federal Reserve Bank of New York, together with the above-specified statement in triplicate with respect to his original receipt of the securities. In case securities are returned under the rules of a securities exchange, an association of securities dealers, or a similar organization, the last member of an exchange or similar organization or dealer to whom such securities are returned under such procedure, if he is not the last person to whom such securities are returned hereunder, shall file with the Office of Foreign Assets Control, Treasury Department, Washington, DC 20220, the above-specified statement in triplicate with respect to his original receipt of the securities together with the date on which he returned such securities to the person from whom he received them.

(6) Domestic scheduled securities held by any person not within the United States shall be deposited with the Federal Reserve Bank of New York together with the statement specified in paragraph (e)(1) of this section on or before July 31, 1951.

(7) Acts or transactions required or authorized by the provisions of this paragraph are licensed to the extent, and only to the extent, of permitting compliance therewith.

(f) *Disposition of securities delivered to Federal Reserve Bank of New York.* The Federal Reserve Bank of New York shall act only as fiscal agent of the United States under this section, and shall receive and hold securities delivered to it pursuant to this section as such fiscal agent, subject to the further order of the Director, Office of Foreign Assets Control. Applications for release of securities so held may be filed with the Office of Foreign Assets Control, Treasury Department, Washington, DC 20220.

(g) *Appendix*

DOMESTIC SCHEDULED SECURITIES

BONDS

American Foreign Power Company, Inc., Debenture Gold 5% Due 2030:

$1,000—46003, 46048, 46049, 46512.

$500—855.

American I. G. Chemical Corporation 5½% Bonds 1929/49:

$1,000—10189.

American Smelting & Refining Company 5% 1st Mortgage 30-Y Bonds:

$1,000—67.

Associated Gas & Electric Corporation Sinking Fund Income Debenture 4½% Due 1978:

$1,000—402, 425, 621, 959, 990, 1042, 1187, 1188, 1316, 1473, 2118, 2413, 2482, 2844, 3057, 3059, 3603, 3691, 3692, 3748, 3796, 3893, 3904, 3905, 3947, 3993, 4069, 4074, 4138, 4139, 4184, 4185, 4332, 4356, 4357, 4365, 4374, 4379, 4380, 4381, 4382, 4383, 4384, 4385, 4862, 5316, 5317, 5333, 5777, 5778, 6196, 6197, 6653, 6659, 6822, 6825, 6856, 7119, 7141.

Associated Gas & Electric Corporation Sinking Fund Income Debenture 5½% Due 1977:

$1,000—3272, 4273, 4286, 7293, 7545, 9491, 9904, 10264, 14186, 14455, 14974, 15005, 15324, 18034, 18490, 18544, 23333, 24073, 25055, 25420, 25495, 26348, 26588, 27510, 29238, 30039, 32684, 33483, 34283, 34284, 34290, 34585, 36045.

Atchison, Topeka and Santa Fe Railway Company (The)—Convertible Gold 4% of 1905 Due 1955:

$1,000—799, 32495, 36310, 36311, 48082.

Atchison, Topeka and Santa Fe Railway Company (The)—Convertible Gold 4% Due 1960:

$1,000—38234.

Atchison, Topeka and Santa Fe Railway Company (The)—General Gold 4% Due 1995:

$1,000—918, 1297, 1865, 2531, 2917, 3432, 5466, 5721, 6728, 7445, 10016, 11368, 13612, 17965, 18507, 23191, 25013, 26636, 32365, 34564, 35210, 36019, 38088, 38151, 53302, 56750, 59190, 67164, 72477, 72931, 73024, 73255, 74733, 77966, 78273, 79437, 79906, 80845, 84327, 89953, 89954, 93671, 96519, 99516, 117110, 117700, 123787, 125036, 125520.

$500—2314, 5257, 5465, 5729, 6654, 8272, 10252, 15734, 35513, 37540, 38622, 41072, 41074, 42239, 42391.

Baltimore and Ohio Railroad Company (The)—4% Bonds, 50-Y, Due 1948:

$1,000—50081, 50082, 50083.

Baltimore and Ohic Railroad Company (The)—4½% Bonds, 1930-60:

$1,000—3113.

Baltimore and Ohio Railroad Company (The)—5% Bonds, 1926/2000:

$1,000—25263.

Bethlehem Steel Corporation 3½% Bonds 1937/52:

$1,000—28454, 28455, 36724, 43967.

Bethlehem Steel Corporation 4¼% Bonds 1935/60 Series D:

$1,000—DM7290, DM20122.

Central Pacific Railway Company—First Refunding Gold 4% Due 1949:

$1,000—801, 1917, 3785, 4187, 5437, 5479, 7255, 7624, 9246, 9253, 9993, 10808, 13341, 13469, 13521, 14186, 14685, 14973, 16049, 19147, 19572, 26382, 30102, 31351, 31814, 33081, 33278, 34274, 60258, 77471, 77739, 80487, 85166, 89119, 89129.

$500—2293, 7810, 8159, 8326, 12174.

$100—758, 1260, 1350, 1891, 1957, 1958, 2127.

Chesapeake & Ohio Railway Co. (The) General Gold 4½% Due 1992:

$1,000—46884.

Chicago & Erie Railroad Co.—First Gold 5% Due 1982:

$1,000—2162, 6495, 9064.

Chicago, Milwaukee, St. Paul & Pacific Railroad Co.—50 Year Mortgage 5% Series A, Due 1975:

$1,000—2501, 3073, 3314, 3966, 4183, 4296, 4883, 6717, 6718, 6719, 11166, 14027, 15291, 15293, 15294, 15631, 15673, 16000, 16495, 16712, 17409, 17579, 20217, 20499, 21994, 22091, 22112, 24111, 24560, 26067, 27499, 29880, 32257, 33834, 34456, 35384, 35792, 35793, 36877, 37458, 38396, 38736, 38749, 38941, 38945, 39019, 39032, 39179, 39180, 39205, 39298, 39316, 39374, 39386, 39411, 39933, 40888, 41765, 43562, 46680, 48938, 49953, 49956, 50459, 53410, 55463, 55464, 55510, 55533, 56437, 56500, 57517, 59356, 61246, 63114, 63115, 63982, 64409, 65265, 65266, 66284, 66920, 67355, 68026, 68027, 68363, 68364, 68585, 70021, 71607, 74394, 75967, 76562, 77500, 78982, 79674, 80235, 82701, 83024, 83515, 84086, 84087, 84088, 84089, 84090, 84091, 84092, 84093, 84094, 85433, 85775, 86421, 86427, 87037, 88565, 89290, 89741, 89779, 89782, 89818, 90308, 90581, 90968, 92950, 93163, 103394, 124560.

$500—1615, 1854, 3692.

$100—22525, 22526, 39295, 39296.

Chicago, Milwaukee, St. Paul & Pacific Railroad Co.—Convertible Adjustment Series A 5%, 2000:

$1,000—4, 11, 683, 1172, 1343, 2012, 2116, 2117, 2747, 2871, 2902, 2903, 2904, 3093, 3330, 4177, 5168, 5193, 5937, 6044, 6045, 6482, 7631, 7822, 8303, 8309, 8493, 8694, 8698, 8970, 9004, 9006, 9179, 9195, 9573, 10598, 11436, 11615, 12071, 12649, 13885, 14014, 15068, 15765, 16334, 16529, 16568, 16888, 17022, 17606, 17893, 18109, 18191, 18192, 18200, 18230, 18244, 18269, 18326, 18337, 18344, 18462, 18478, 18535, 18537, 18690, 18730, 18955, 19481, 20029, 20121, 20244, 20269, 20318, 20329, 20375, 20376, 20572, 20653, 20815, 20836, 20938, 21216, 21229, 21242, 21245, 21637, 21672, 21840, 21916, 22288, 22377, 22380, 22406, 22434, 22561, 22825, 22994, 23034, 23772, 23846, 24025, 24414, 24415, 24554, 24754, 25180, 25332, 25911, 25916, 26112, 26130, 26177, 26196, 26199, 26806, 26817, 27098, 27235, 27496, 27600, 27778, 28074, 28161, 28186, 28501, 28689, 28797, 28948, 29008, 29067, 29093, 29614, 29749, 29847, 29869, 29929, 30074, 30094, 30160, 30255, 30705, 30725, 31393, 31632, 31947, 32178, 32222, 37394, 37423, 37494, 39565, 39581, 39619, 39936, 40109, 40343, 40394, 40395, 40396, 40397, 40505, 41516, 41712, 41713, 41922, 41924, 42090, 42093, 42206, 42324, 42371, 42476, 42623, 42831, 43289, 43391, 43524, 43740, 44451, 44633, 44664, 44784, 45045, 45046, 45103, 45139, 45171, 45248, 45289, 45816, 45824, 45825, 45860, 45954, 46066, 46350, 46518, 46637, 47146, 47278, 47324, 47360, 47507, 47604, 47701, 47704, 48090, 48580, 48586, 48843, 48884, 48957, 49088, 49435, 49462, 49566, 49583, 49650, 49674, 49708, 49750, 49768, 50548, 50651, 50984, 51157, 51177, 51796, 51842, 51944, 52162, 52591, 53005, 52414, 53543, 53670, 53686, 54110, 54250, 54282, 54456, 54461, 54649, 54674, 54688, 55008, 55016, 55133, 55376, 55648, 55803, 55968, 56431, 56492, 56533, 56554, 56680, 57580, 58155, 58427, 58630, 58798, 58800, 60052, 60724, 61091, 62158, 62335, 62525, 62549, 62918, 63259, 63362, 63570, 63571, 63935, 64060, 64071, 64072, 64197, 64661, 65369, 65550, 65662, 65674, 65742, 65746, 65824, 66036, 66474, 66492, 66771, 66935, 66973, 67032, 67038, 67120, 67578, 67726, 67843, 67892, 67931, 68457, 68614, 68999, 69049, 69213, 69369, 70338, 70498, 70599, 70713, 70775, 70871, 71021, 71074, 71100, 71712, 71779, 71812, 72189, 72281, 72316, 72408, 72834, 72978, 73332, 73628, 73998, 74682, 74693, 74960, 74993, 75188, 75738, 75739, 76409, 77128, 77195, 78462, 78465, 78466, 78467, 78753, 78891, 78945, 79057, 79149, 79170, 79211, 79233, 79484, 79722, 79812, 79939, 80438, 80559, 80813, 81185, 81341, 81367, 81508, 81514, 81577, 81751, 81767, 81768, 81955, 82061, 82086, 82087, 82379, 82398, 82521, 83776, 84169, 84883, 85600, 86128, 86170, 86317, 88402, 88935, 90412, 91574, 93042, 93685, 93872, 94241, 94247, 94250, 94251, 94252, 94253, 94254, 94255, 94256, 94257, 94258, 94259, 94268, 94544, 94617, 95012, 95423, 96104, 96240, 96284, 96457, 96515, 96524, 96645, 96718, 97891, 98558, 100041, 100117, 100135, 100289, 100643, 102092, 102279, 102902, 103059, 103269, 103510, 103518, 103519, 104425, 104479, 104512, 104756, 105623, 105759, 105932,

106218, 106839, 109243, 109317, 109472, 109786, 110079, 110717, 111137, 111221, 111222, 112870, 113085, 113233, 113619, 113700, 113705, 114208, 114589, 114687, 114737, 114857, 115296, 115387, 116473, 116825, 116826, 117300, 117829, 118056, 118237, 118508, 118605, 118721, 119790, 119952, 120085, 120250, 120260, 120522, 120542, 120909, 120953, 121145, 121169, 121479, 122247, 122843, 122965, 122991, 123874, 124012, 124188, 124526, 124644, 124785, 125504, 125806, 125962, 126334, 126335, 126353, 126393, 126412, 126527, 126880, 127276, 127683, 127850, 128214, 128237, 128468, 128689, 128773, 128782, 129244, 129245, 129246, 129456, 129499, 129655, 129673, 129921, 130488, 130807, 131407, 132887, 133564, 133567, 133780, 133822, 133994, 134248, 134534, 134721, 135763, 136731, 136772, 137254, 137734, 139444, 139479, 139770, 139902, 139931, 140688, 141115, 141177, 141476, 141639, 141701, 141750, 141787, 141874, 142225, 142300, 142336, 142338, 142375, 144013, 144413, 144419, 144550, 144715, 144809, 145256, 145297, 145648, 145915, 145942, 145943, 146066, 146101, 146110, 146370, 146697, 147106, 147113, 147644, 147763, 148024, 148943, 149290, 149313, 149314, 149315, 149454, 149959, 150851, 150932, 151136, 152035, 152049, 152071, 152081, 152465, 153559, 153828, 154091, 154092, 154093, 155792, 156342, 156343, 156620, 156924, 157881, 158646, 159022, 159061, 159062, 159291, 159406, 160372, 161138, 161165, 161641, 162505, 163734, 164255, 164256, 164278, 164694, 164806, 165254, 165419, 165435, 165645, 165689, 165923, 166600, 166815, 167093, 167547, 167885, 168023, 168372, 168413, 168763, 169015, 169026, 169568, 169691, 169969, 170020, 170021, 170403, 170629, 170888, 170962, 170963, 170969, 171256, 171257, 171258, 171259, 171260, 171403, 171500, 171693, 171741, 171791, 172055, 172259, 172261, 172390, 172711, 173144, 173148, 180377, 180521, 180595, 180854, 180990, 181324, 181794, 181899, 182086, 182245, 182418, 182507,

$500—234, 293, 476, 710, 1113, 1387, 3698, 4319, 4462, 4799, 5388, 5687, 5918, 6117, 6495, 7414, 7685, 7700, 7778, 7779, 7852, 8603, 9010, 9130.

Chicago, Rock Island & Pacific Railway Company—First and Refunding Mortgage 4% 1934:

$1,000—3584, 26093, 36938.

Chicago, Rock Island & Pacific Railway Company—4% Bonds 1927/52:

$1,000—14765.

Chicago, Rock Island & Pacific Railway Co. Convertible Gold 4½% 1930/60:

$1,000—1698, 1699, 1700, 21488.

Cities Service Company—Convertible 5% Gold Debenture, 1950:

$1,000—9960, 15450, 23489, 23638, 23691, 28666, 47264, 56406, 74444, 76525, 89930, 101172, 106178.

Cities Service Company—5% Gold Debentures, 1958:

$1,000—617, 1185, 1426, 3740, 4018, 4244, 5561, 6104, 6302, 6303, 7726, 7768, 8494, 8722, 8723, 8791, 9840, 10192, 10351, 11158, 11824, 12442, 12583, 13776, 14807, 14879, 15309, 15763, 16067, 16068, 16069, 16070, 16228, 18514, 19011, 19120, 19455, 19883, 20595, 21421, 21470, 21538, 22028, 24505, 24569, 24965, 26548, 26549, 26550, 26790, 27035, 27237, 27522, 30600, 30681, 30817, 34431, 34629, 35654, 38594, 38652, 38860, 39179, 40007, 40457, 42401, 42402, 42462, 44763, 45613, 46472, 46830, 48399, 48524, 48784.

$500—107, 181.

Cities Service Company—5% Gold Debenture, 1963:

$1,000—12570.

Cities Service Company—Refunding 5% Gold Debenture, 1966:

$1,000—1005, 1724, 2564, 2565, 2927, 3219, 4026, 4184, 4906, 7228, 7229, 7787, 8112, 8976, 9012, 9864, 10366, 10820, 11011, 11074, 11847, 11963, 13085, 13433, 16526, 16832, 17498, 17699, 17866, 17921, 17999, 18029, 18031, 18393, 18772, 18959, 19067, 20283.

$500—781, 1662, 2302, 3247.

Cities Service Company 5% Gold Debenture, 1969:

$1,000—306, 460, 556, 603, 653, 943, 1158, 1461, 6035, 7809, 9682, 10958, 11397, 11465, 11527, 12734, 12766, 14123, 16158, 16495, 16645, 16977, 17846, 17995, 21329, 21338, 22426, 22505, 22663, 22688, 24085, 24086, 24087, 24088, 24089, 24249, 25028, 25298, 25304, 26464, 27049, 29658, 29969, 30930, 31304, 32236, 34932, 35713, 36172, 37550, 38584, 38886, 39012, 39775, 39777, 39830, 40653, 40654, 41522, 41597, 41651, 41666, 41697, 41847, 41848, 41849, 41877, 41897, 41902, 41977, 42469, 42671, 42743, 42767, 42880, 42881, 43012, 43105, 43384, 44533, 44687, 45314, 45750, 45862, 46986, 47089, 47307, 47616, 47842, 48114, 48148, 48222, 48285, 48966, 49031, 49068, 49934.

Cities Service Power and Light Company—Debenture 5½%, Due 1949:

$1,000—1777, 4834.

Cities Service Power and Light Company—Debenture 5½%, Due 1952:

$1,000—6317, 9745, 17671, 17994, 13572, 18589, 26348, 43135, 44536.

Cuba Company (The)—3% (Formerly 6% Bonds 1905 Due 1955):

$1,000—2592, 3484, 3782, 3884.

Cuba Railroad Company (The)—First Gold 5% Due 1952:

$1,000—506, 977, 1363, 1439, 1570, 1716, 2123, 2419, 2731, 2732, 2758, 2759, 2760, 2761, 2762, 2763, 2764, 3363, 3385, 3567, 3894, 4395, 5378, 5483, 6099, 6251, 6282, 6634, 6636, 6849, 6993, 7119, 7859, 7893, 7914, 7915, 8308, 8417, 8953, 9694, 9737, 10050, 10085, 10359, 10538,

10666, 10898, 10934, 11379, 11525, 11847, 11865, 12068, 12265, 12374, 12445, 12650, 12683, 13056, 13100, 13545, 13629, 13830, 13946, 14369.

Cuba Railroad Company—Improvement and Equipment Gold 5% Due 1960:

$1,000—38, 1348.

Dallas and Waco Railway Company—First Gold 5% Due 1940:

$1,000—564.

Delaware & Hudson Company—4% Bonds 1908, Due 1943:

$1,000—587, 8856, 11067, 11068, 15436, 25345.

Denver & Rio Grande Railroad Company—First Consolidated Gold 4% Due 1936:

$1,000—13202, 17275, 24150, 26544.

$500—208, 214.

Denver and Rio Grande Railroad Company—First Consolidated Gold 4½% Due 1936:

$1,000—36927.

Denver & Rio Grande Western Railroad General Gold 5% Due 1955:

$1,000—19514, 19538, 19621, 19622, 22219, 23096, 23097, 26045, 26091, 26092, 26093, 26094, 26095, 26096.

$500—465, 466, 467, 468, 469, 470, 1255, 1302, 1364, 1375, 1559, 1676, 2099.

$100—556, 557, 558, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2703, 2906, 2907, 2988, 2989, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3125, 3126, 3127, 3128, 3240, 3291, 3292, 3293, 3294, 3304, 3344, 3345, 3376, 4886, 4887, 4888, 5171, 5172, 5705, 5972, 6014, 6015.

Des Moines & Fort Dodge Railroad—First Gold 4% 1925—Due 1935:

$1,000—1810, 1811, 3020.

Des Moines & Fort Dodge Railroad—4% Bonds (Certificates of Deposit):

$1,000—T.M. 1829-774, T.M. 1831-776, T.M. 1887-1997, T.M. 1888-1998.

Florida Central & Peninsular Railroad Company—First Consolidated Gold 5% Due 1943:

$1,000—2109.

Grand Trunk Western Railway Company—First Gold 4% Due 1950:

$500—428, 860, 862.

Havana Electric Railway Company—5% Consolidated Mortgage Gold Bonds Due 1952:

$1,000—8669, 8711, 9151, 9152.

Hudson & Manhattan R.R. Co.—Adjustment Income Gold Bonds 5% 1913/57:

$1,000—20034.

Illinois Central Railroad Company—Collateral Trust Gold 4% Due 1952:

$1,000—1238, 1696, 1792, 2330, 4768, 5933, 6038, 7041, 7438, 7948, 7949, 9265, 12660, 12661, 12833.

$500—15995, 15996.

Illinois Central Railroad Company—Mortgage & Collateral, Gold 4% Due 1953:

$1,000—578, 980, 2555, 3030, 3423, 3946, 4230, 4781, 5524, 9283, 9759, 11355, 12474, 12572, 15710, 16891, 19660, 19962, 19963, 20194.

$500—22807, 22808, 25117, 27417, 27996.

International Hydro-Electric System—Convertible Debenture Gold 6% Due 1944:

$1,000—1644, 1806, 5596, 5702, 5720, 7458, 8009, 8151, 8409, 9934, 11542, 20537, 21002, 21033, 21038, 21094, 21111, 21842, 22120, 22794, 22857, 23897, 24014, 24421, 24481, 24523, 24778, 25145, 26798, 26939, 27249, 27803, 28270, 28392, 28524, 28529, 29861.

International Mercantile Marine Co., Ltd.—First and Collateral Trust Gold 6% Due 1941:

$1,000—337, 339, 340, 521, 522, 524, 526, 1374, 1432, 1570, 2171, 3410, 4258, 4265, 4308, 4489, 4579, 4601, 4602, 4603, 4604, 7869, 13289, 14031, 19606, 21311, 21392, 26918, 26930, 27699, 29973, 30263, 36098, 36129, 36130.

$500—258, 469, 512, 563, 700, 745, 752, 1000, 1211, 1244, 1577, 1974, 1977, 2177, 2380, 2655, 2899, 3051, 3092, 3344, 3423, 3584, 3585, 3586, 3649, 3650, 3815, 3934, 4100, 4418, 4879, 7778.

International Power Securities Corporation—Secured Gold 6½%, Series C Due 1955:

$1,000—179, 1734, 1740, 1741, 1746, 1788, 1848, 1873, 1879, 1902, 1947, 1951, 3898, 7361, 9176.

International Railways of Central America, First Gold 5% Sterling Issue, Due 1972:

20—A1071, 4514, 5995, 6954, 6955, 8988.

International Telephone & Telegraph Corporation—4½% Due 1952:

$1,000—19320, 31983.

International Telephone & Telegraph Corporation—Debenture Gold 5% Bonds 1930 Due 1955:

$1,000—22427.

Kansas City Fort Scott & Memphis Railway Co.—Refunding (Now First) Gold 4% Due 1936:

$1,000—1864, 7594.

Kansas City Southern Railway—3% 1st Mortgage Gold Due 1950:

$1,000—359, 476, 646, 1092, 2028, 2097, 2378, 2423, 3139, 3407, 4810, 5652, 5900, 5956, 6446, 7084, 7469, 10525, 10723, 10744, 10784, 11244, 11497, 11765, 11933, 13502, 14404, 14546, 14964, 15261, 15532, 15762, 17275, 18156, 18331, 19951, 22334, 22335, 22419, 22839, 22973, 23223, 23772, 26265, 27033, 27288, 28813.

Kansas City Southern Railway Co.—Refunding & Improvements Mortgage Bond 5% Due 1950:

$1,000—861, 1647, 2830, 3165, 3298, 3407, 7866, 7951, 8425, 8437, 8439, 8689, 9230, 9387, 9960, 10467, 10781, 12710, 14713, 17058, 17338.

Kansas City Terminal Railway Co.—First Gold 4% Due 1960:

$1,000—24901, 33450, 34560, 34561.

Long Island Railroad Co.—4% Refunding, Due 1949:

$500—682.

Louisville & Jeffersonville Bridge and Railroad Co.—First Gold 4% Due 1945:

$1,000—970, 1785, 1814, 1983, 2429, 3193.

Louisville & Nashville Railroad Co.—3¾% Refunding 1921/2003:

$1,000—16071, 16072, 17073.

Louisville & Nashville Railroad Co.: Mobile and Montgomery Ry. First Gold 4½% Due 1945:

$1,000—804, 1280.

Louisville & Nashville R.R. Co., Southeast & St. Louis Division—Second (Now First) 3% Due 1980:

$1,000—2, 787, 1046, 1569, 1744, 2134, 2136.

Minneapolis, St. Paul & Sault Ste. Marie Railway Company 4% Bonds 1888/1938:

$1,000—2387, 23147, 25314, 36781.

Missouri-Kansas-Texas Railroad Company—Prior Lien Gold 4% Series B Due 1962:

$1,000—9014.

$500—1306, 1313, 1411.

$250—487, 841.

Missouri-Kansas-Texas Railway Company First Gold 4% Due 1990:

$1,000—628, 2708, 3106, 3419, 5125, 6200, 7392, 9923, 10250, 11532, 11597, 12595, 15304, 17118, 17427, 19374, 20042, 20135, 21037, 21097, 21168, 24598, 25429, 26763, 27583, 27759, 28315, 28724, 29197, 29255, 29267, 29314, 29588, 31726, 32539, 32749, 32789, 32892, 33194.

$500—37340, 38471, 41005, 43344.

Missouri-Kansas-Texas Railroad Company—Prior Lien 5% Series A Due 1962:

$1,000—29248, 29485, 30865, 30866, 30867, 31199.

$500—2205, 2261, 2562, 2573.

$250—139, 1131, 1779.

Missouri-Kansas-Texas Railroad Company—Cumulative Adjusted Mortgage Gold 5% Series A Due 1967:

$1,000—46839, 47607.

$500—2837, 3655, 3854, 3855, 4393, 4395, 4404.

$100—6052.

Missouri Pacific Railroad Company 4% General Mortgage Gold Bonds Due 1975:

$1,000—1378, 1398, 1439, 1760, 2259, 2691, 2806, 3518, 4285, 4665, 4839, 5622, 5988, 6225, 6809, 7042, 7045, 7052, 8344, 8431, 8447, 8972, 9208, 9247, 9250, 9465, 9949, 10485, 10581, 10710, 10822, 11087, 11158, 11189, 11363, 11475, 11732, 11785, 11956, 12053, 12247, 12248, 12331, 12371, 12448, 12698, 12743, 12749, 12919, 13138, 13834, 14093, 14357, 14439, 14767, 15112, 15500, 15747, 16367, 17148, 17295, 17346, 17797, 17901, 18054, 19136, 19315, 19574, 19753, 20292, 20427, 20439, 20471, 20950, 21680, 22335, 22428, 23084 23308, 23385, 23387, 23390, 23436, 23542, 23771, 24597, 24908, 24909, 24910, 25069, 25152, 25229, 25339, 25350, 25555, 25738, 26180, 26205, 26372, 26441, 27505, 27506, 27911, 28112, 28453, 28494, 29050, 29243, 29353, 29471, 29695, 29788, 29889, 29934, 30246, 30506, 30678, 31268, 31541, 31578, 31666, 31711, 31773, 31799, 31842, 32290, 32548, 32740, 33161, 33274, 33281, 33349, 33736, 33783, 33909, 33974, 34370, 34497, 34699, 34709, 35100, 35373, 35374, 36142, 36234, 36342, 36889, 37177, 37929, 38002, 38226, 38428, 38654, 40166, 40213, 40414, 40422, 40425, 40570, 41411, 41609, 42073, 42075, 42371, 42841, 43123, 44067, 44476, 45600, 45834, 46316, 46482, 46598.

$500—437, 710, 1287, 1501, 1640, 1667, 1754, 3008, 3009, 3042, 3075, 3076, 3114, 3115, 3239, 3240, 3242, 3481, 3538, 3697, 3727, 3991, 4158, 4566, 4601.

Missouri Pacific Railroad Company—First & Refunding Gold 5% Series G Due 1978:

$1,000—4181, 8478.

Missouri Pacific Railroad Company—5½% Bonds 1929/49:

$1,000—27905.

New York Central and Hudson R.R.—Gold 3½% Due 1997:

$1,000—5507, 30216, 56526.

New York Central Railroad Company (The)—4½% Bonds 1913 Due 2013 Series A:

$1,000—58717, 58718, 58719.

New York, City of (Rapid Transit S.F.)—4½% 1915/65:

$1,000—6704, 6714, 20735.

New York Lackawanna & West. Ry.—4% Series A 1922 Due 1973:

$1,000—A5926.

New York, Pennsylvania & Ohio Railroad— 4¼% Bonds 1880 Due 1950:

$1,000—5355.

$500—2294, 4935.

New York Telephone Company—4½% Bonds 1909 Due 1939:

$1,000—26656, 47512.

Norfolk & Western Railway Company—First Consolidated Gold 4% Due 1996:

$1,000—5686, 6947, 16393, 16728, 16730, 16790, 17023, 17649, 17661, 17991, 18639, 19006, 19200, 19557, 19605, 19661, 20033, 20034, 20035, 20036, 20056, 21213, 21419, 22280, 22283, 22381, 22384, 22984, 25557, 26125, 27160, 27737, 27668, 27877, 27928, 28637, 29454, 29562, 29838, 31057, 31131, 31643, 31646, 34037, 34546.

$500—3396, 3674, 3889, 3951, 3952, 4280, 4393, 4542, 4543, 4557, 4577, 4747, 4748, 4760, 4775, 6549, 6673, 7049, 7113, 7213, 7543, 7562, 7563, 8135, 8287, 9351.

Northern Pacific Railway Company—Prior Lien Gold 4% Due 1997:

$1,000—68, 9870, 61059, 89945.

Oregon-Washington Railroad and Navigation Company First and Refunding Mortgage Gold 4% Due 1961:

$1,000—466, 51508.

Pacific Gas and Electric Co.—First & Refunding Mortgage, Series G, 4% Due December 1, 1964:

$1,000—M93376.

Panhandle Eastern Pipeline Co.—First Mortgage & First Lien, 4% Bonds 1937/52:

$1,000—A. AM. 6704, A. AM. 6705, A. AM. 6706, A. AM. 6707.

Pennsylvania Railroad Company—40 years Gold Debenture 4½% Due April 1, 1970:

$1,000—43444.

Philippine Railway Company—First Sinking Fund Gold 4% Due 1937:

$1,000—79, 102, 203, 227, 308, 343, 544, 1263, 1368, 1549, 1595, 1719, 1963, 2103, 2379, 2423, 2479, 3186, 3208, 3330, 3461, 3677, 3732, 3882, 3906, 4307, 4334, 4397, 4681, 4706, 4858, 5047, 5078, 5285, 5832, 5890, 6086, 6313, 6405, 6497, 6543, 7243, 7334, 7470, 7478, 7480, 7705, 7836, 8036, 8399, 8422, 8438, 8456.

Republic Steel Corporation—4½% Bonds Series B, 1936/61:

$1,000—BM14807, BM14808, BM14809, BM14810, BM14811.

St. Louis-San Francisco Railway Company—4% Mortgage Bonds, Prior Lien, Series A:

$1,000—13887, 77838, 86441.

$500—3504.

St. Louis-San Francisco Railway Co.—5% Prior Lien Series B:

$1,000—4775.

St. Louis Southwestern Railway Co.—4% First Loan 1890, Due 1989:

$1,000—861, 1124, 16270.

San Antonio & Aransas Pass Railway Company—4% First Mortgage Bonds 1893/1943:

$1,000—2835, 8312, 8314.

Seaboard Airline Railway—Ref. Gold 4% 1909/59:

$1,000—14002, 14003, 14009, 14240, 16419.

Seaboard Air Line Railway—Adjustable Mortgage Gold 5% 1909/49:

$1,000—19356.

Southern California Edison Company, Ltd.—First and Refunding 3¾% Bonds, 1935/60:

$1,000—4942, 4943, 4944, 41619, 41620.

Southern Pacific Co.—4% Collateral Trust Gold Bonds Issued 1899, Due 1949:

$1,000—565, 695, 1546, 1639, 3017, 3133, 3134, 3184, 4073, 4160, 5741, 5742, 5993, 9283, 11219, 12090, 13587, 13763, 13864, 14899, 15488, 15507, 16240, 16473, 19309, 21673, 21931, 23092.

$500—107, 136, 1907, 2100, 2412, 2601, 3767, 3920, 4614, 4654, 4655, 5120, 6601, 6605, 6718, 7940, 8777, 9825.

Southern Pacific Company—4½%, 40-Year Gold Bonds, Due 1969:

$1,000—13245, 13438, 15408, 29800, 30487, 31676, 32488, 37397, 43691, 52369, 52897, 55559, 58873, 63129, 63676.

Southern Pacific Company—Gold 4½% Due 1981:

$1.000—12245, 12286, 12552, 28506, 37841, 45804.

Southern Pacific Company San Francisco Terminal, 4% First Mortgage Bonds 1910 Due 1950:

$1,000—2524, 2554, 2942, 3154, 6016, 6522, 6523, 6524, 8706, 9196, 9254, 9334, 9855, 9856, 10382, 11226, 12440, 12621, 12666, 13181, 13390, 13422, 14212, 14231, 14726, 14730, 15134, 15198, 15285, 15370, 15371, 15372.

$500—31, 32, 33, 34, 35, 68, 910, 1161, 3057, 5060, 5795, 5953, 7355, 7666, 8388, 8390, 8623, 8659, 10476, 11887, 11888, 11916, 12064, 12067, 12070, 12073, 12242, 12243, 13592, 13934, 13935, 13969, 14295, 14296, 15170, 16089, 16090.

$100—3368, 11958, 11959.

Southern Pacific Railroad Company—First Refunding Mortgage 4% Bonds Due 1955:

$1,000—63, 886, 2061, 2362, 3266, 4356, 4769, 4875, 7682, 13947, 14488, 15213, 16697, 17846, 19981, 26649, 27549, 28115, 28518, 30288, 32886, 35777, 35779, 36078, 42795, 45579, 50162, 50323, 50569, 53889, 55520, 56068, 57125, 57839, 73092, 73431, 75751, 81008, 82091, 87751, 89862, 89865, 90830, 91743, 91745, 95273, 95696, 105640, 105649, 111808, 117031, 128040, 129416.

$500—655, 951, 3151, 4311, 4313, 4314, 4693, 5495, 6804.

Southern Railway Company—4% Development and General Mortgage Bonds Due 1956:

$1,000—604, 1177, 5603, 5642, 5895, 6524, 6882, 6883, 12584, 15952, 16331, 16457, 17481, 20652, 23141, 24606, 26352, 30664, 30793, 32512, 32889, 35049, 36326, 37995, 38295, 40108, 42719, 42759, 42904, 44020, 46205, 49111, 49723, 49798, 51101, 51201, 52673, 55193, 55646, 58867.

Southern Railway Company—5% First Mortgage & Collateral Trust Bonds Due 1994:

$1,000—14809, 55929.

Standard Power & Light Corporation 6% Bonds 1927 Due 1957:

$1,000—1063, 4324, 4687.

Studebaker Corporation (The)—Convertible Debenture 6%, 1945:

$100—3635, 3636, 3838, 3839, 3840, 3841, 3947, 3956, 3959, 3960.

Studebaker Corporation (The)—Convertible Debenture, Scrip Certificates:

$22.50—483.

$3.33—278.

Union Pacific Railroad Company—3½% Bonds 1936/71:

$1,000—12030, 12031, 18146, 21125.

Union Pacific Railroad Company—First Gold, 4% of 1947:

$1,000—809, 6600, 7936, 10950, 14246, 16179, 20719, 21778, 23784, 26126, 31111, 33945, 36061, 37039, 38242, 39912, 41137, 43459, 44782, 45958, 48889, 49831, 50486, 51089, 53217, 53816, 55232, 55952, 56455, 58409, 59177, 60210, 60599, 61144, 61660, 62257, 63662, 67179, 73164, 77691, 78364, 78372, 78374, 78930, 79156, 79779, 81026, 85060, 85983, 86057, 87370, 89306.

$500—314, 572, 573, 1827, 3436, 3855, 4443, 4834, 5175, 5971, 6360, 7614, 7801, 9224, 10101, 10165, 10172, 10666, 13274, 13366, 14426, 17192.

Union Pacific Railroad Company, First Lien and Refunding Gold 4% 1908 Due 2008:

$1,000—53300.

Western Pacific Railroad Company—5% First Mortgage Bonds Due 1946:

$1,000—19037, 19038.

Winston-Salem Southbound Railway Company—4% First Mortgage Gold Bonds Due 1960:

$1,000—1853, 1854.

STOCKS

Corporate Trust Shares Series AA (Modified) Distributive Type:

100 share certificate—8563.

Corporate Trust Shares Accumulative Series (Modified):

10 share certificate—17300.

North American Trust Shares 1953 Issue:

50 share certificates—24736, 24737, 24738, 24739, 24742, 24743, 24744, 24745, 24746, 24747, 24748, 24981, 24982, 26990, 26991.

North American Trust Shares 1955 Cumulation Type:

100 share certificates—3670, 8689.

50 share certificates—2914, 3149.

10 share certificates—43934.

North American Trust Shares 1956 Distribution Type:

100 share certificates—DD7222, DD7361, DD11072, DD11374, DD11386, DD15575, DD21354, DD28463, DD32157, DD32716, DD33208, DD36746, DD38441, DD38442, DD56843.

50 share certificates—CC3555, CC3556, CC10838, CC10839.

25 share certificates—BB2909, BB3026, BB3027.

10 share certificates—AA13584, AA13585, AA13586, AA15968, AA15969, AA39045, AA55458.

[31 FR 7333, May 20, 1966, as amended at 31 FR 13001, Oct. 6, 1966; 35 FR 11905, July 24, 1970; 41 FR 27963, July 8, 1976]

§ 520.207 General Ruling No. 7.

The provisions of §§ 520.205 and 520.205(b) (General Rulings Nos. 5 and 5B, as amended), are extended to securities or evidences thereof coming from the Panama Canal Zone into any other part of the United States.

§ 520.212 General Ruling No. 12.

(a) Unless licensed or otherwise authorized by the Secretary of the Treasury:

(1) Any transfer after the effective date of the order is null and void to the extent that it is (or was) a transfer of any property in a blocked account at the time of such transfer; and (2) no transfer after the effective date of the order shall be the basis for the assertion or recognition of any right, remedy, power, or privilege with respect to, or interest in, any property while in a blocked account (irrespective of whether such property was in a blocked account at the time of such transfer).

(b) Unless licensed or otherwise authorized by the Secretary of the Treasury, no transfer before the effective date of the order shall be the basis for the assertion or recognition of any right, remedy, power, or privilege with respect to, or interest in any property while in a blocked account unless the person with whom such blocked account is held or maintained had written notice of the transfer or by any written evidence had recognized such transfer prior to the effective date of the order.

(c) Unless otherwise provided, an appropriate license or other authorization issued by the Secretary of the Treasury before, during, or after a transfer shall validate such transfer or render it enforceable to the same extent as it would be valid or enforceable but for the provisions of section 5(b) of the Trading With the Enemy Act, as amended, and orders, regulations, instructions, and rulings issued thereunder.

(d) Any transfer affected by the order and/or this section and involved in, or arising out of, any action or proceeding in any court within the United States shall, so far as affected by the order and/or this section, be valid and enforceable for the purpose of determining for the parties to the action or proceeding the rights and liabilities therein litigated: *Provided, however,* That no attachment judgment, decree, lien, execution, garnishment, or other judicial process shall confer or create a greater right, power or privilege with respect to, or interest in, any property in a blocked account than the owner of such property could create or confer by voluntary act prior to the issuance of an appropriate license.

(e) For the purpose of this general ruling:

(1) The term "transfer" shall mean any actual or purported act or transaction, whether or not evidenced by writing, and whether or not done or

performed within the United States, the purpose, intent, or effect of which is to create, surrender, release, transfer, or alter, directly or indirectly, any right, remedy, power, privilege, or interest with respect to any property and without limitation upon the foregoing shall include the making, execution, or delivery of any assignment, power, conveyance, check, declaration, deed, deed of trust, power of attorney, power of appointment, bill of sale, mortgage, receipt, agreement, contract, certificate, gift, sale, affidavit, or statement; the appointment of any agent, trustee, or other fiduciary; the creation or transfer of any lien; the issuance, docketing, filing, or the levy of or under any judgment, decree, attachment, execution, or other judicial or administrative process or order, or the service of any garnishment; the acquisition of any interest of any nature whatsoever by reason of a judgment or decree of any foreign country; the fulfillment of any condition, or the exercise of any power of appointment, power of attorney, or other power: *Provided, however,* That the term "transfer" shall not be deemed to include transfers by operation of law.

(2) The term "property" includes gold, silver, bullion, currency, coin, credit, securities (as that term is defined in section 2(1) of the Securities Act of 1933, as amended), bills of exchange, notes, drafts, acceptances, checks, letters of credit, book credits, debts, claims, contracts, negotiable documents of title, mortgages, liens, annuities, insurance policies, options and futures in commodities, and evidence of any of the foregoing. The term "property" shall not, except to the extent indicated, be deemed to include chattels or real property.

(3) The term "blocked account" shall refer to a blocked account (including safe deposit box) of a party to the transfer and shall have the meaning prescribed in § 520.204 (General Ruling No. 4) except that it shall not be deemed to include an account not treated as a blocked account by the person with whom such account is held or maintained.

(4) The term "effective date of the order" shall have the meaning prescribed in § 520.204 except that "the effective date of the order" as applied to any person whose name appears on The Proclaimed List of Certain Blocked Nationals shall be the date upon which the name of such person first appeared on such list.

(5) The term "transfer by operation of law" shall be deemed only to mean any transfer of any dower, curtesy, community property, or other interest of any nature whatsoever: *Provided,* That such transfer arises solely as a consequence of the existence or change of marital status; any transfer to any person by interstate succession; any transfer to any person as administrator, executor, or other fiduciary by reason of any testamentary disposition; any transfer to any person as administrator, executor, or fiduciary by reason of judicial appointment or approval in connection with any testamentary disposition or intestate succession; and any transfer pursuant to

(i) Netherlands Royal Decree of May 24, 1940, and

(ii) Norwegian Provisional Decree of April 22, 1940, concerning the monetary system, etc.

(f) Nothing contained in this section shall be deemed to affect in any way criminal liability for violation of the order, or the regulations, rulings, circulars, or instructions issued thereunder, or in connection therewith, or to otherwise modify any provision thereof.

NOTE: For interpretation of General Ruling No. 12 see § 520.331 (Public Circular No. 31).

§ 520.212a General Ruling No. 12A.

(a) Reference is made to transfers of property in a blocked account which are null and void, or unenforceable, by virtue of the provision of § 520.212 (General Ruling No. 12). Such transfers shall not be deemed to be null and void, or unenforceable, under § 520.212 as to the person with whom such blocked account was held or maintained (and as to such person only) in cases in which such person is able to establish each of the following:

(1) Such transfer did not represent a willful violation of the order by the person with whom such blocked account was held or maintained;

(2) The person with whom such blocked account was held or maintained did not have reasonable cause to know or suspect, in view of all the facts and circumstances known or available to such person, that such transfer was not licensed or authorized by the Secretary of the Treasury, or if a license did purport to cover the transfer, that such license had been obtained by misrepresentation or the withholding of material facts or was otherwise fraudulently obtained; and

(3) Promptly upon discovery that such transfer was in violation of the order, or was not licensed or authorized by the Secretary of the Treasury, or if a license did purport to cover the transfer, that such license had been obtained by misrepresentation or the withholding of material facts or was otherwise fraudulently obtained, the person with whom such blocked account was held or maintained filed with the Office of Foreign Assets Control, Treasury Department, Washington, DC, 20220 a report in triplicate setting forth in full the information called for therein; *Provided, however,* That such report should not be regarded as evidence of compliance with paragraphs (a) (1) and (2) of this section.

(b) Except as otherwise provided by regulations, rulings, licenses, or instructions expressly referring to this general ruling, no license will be required to validate the authority of any person to act or purport to act in a transaction directly or indirectly for the benefit or on behalf of any country listed in § 520.101(a) (1) or any national thereof: *Provided,* That the transaction in which such person acts or purports to act is licensed or authorized by the Secretary of the Treasury or is not prohibited pursuant to section 5(b) of the Trading With the Enemy Act, as amended.

(c) As used in this section, the term "blocked account" shall have the same meaning as that prescribed in § 520.212.

§ 520.216 General Ruling No. 16.

Regulations relating to safe deposit boxes leased to nationals of countries listed in § 520.101(a)(1) or containing property in which nationals of such countries have an interest.

(a) *Access to certain safe deposit boxes prohibited.* Except as authorized in this section or as specifically licensed or authorized by the Secretary of the Treasury, no person shall be granted access to any safe deposit box within the United States leased to any country listed in § 520.101(a)(1) or national thereof or containing any property in which any country listed in § 520.101(a)(1) or national thereof, has any interest or which there is reasonable cause to believe contains property in which any country listed in § 520.101(a)(1) or national thereof has an interest.

(b) *Access authorized under certain conditions.* (1) Access to any safe deposit box leased to a country listed in § 520.101(a)(1) or national thereof or containing property in which any country listed in § 520.101(a)(1) or national thereof has an interest, and the deposit therein or removal therefrom of any property is hereby authorized: *Provided,* That both of the following conditions are complied with:

(i) Access shall be permitted only in the presence of an authorized representative of the lessor of such box:

(ii) In the event that any property in which any country listed in § 520.101(a) (1) or national thereof has any interest is to be removed from such box, access shall be permitted only in the presence of an authorized representative of a banking institution within the United States, which may be the lessor of such box, which shall receive such property into its custody immediately upon removal from such box and which shall hold the same in a blocked account under an appropriate designation indicating the interests therein of countries listed in § 520.101(a)(1) or national thereof.

(2) The lessee or other person granted access to any safe deposit box under this general ruling shall furnish to the lessor a certificate in triplicate that he has filed or will promptly file a report on Form TFR-300 with respect to such box, if leased to a national of a foreign country, and with respect to all property contained in the box to which access is had in which any foreign country or national there-

of has an interest. The lessor shall deliver two copies of such certificate to the Office of Foreign Assets Control, Treasury Department, Washington, DC 20220. The certificate is required only on the first access to the box and need not be furnished if a certificate has been filed pursuant to General License No. 12 prior to the revocation thereof.

§ 520.220 General Ruling No. 20.

(a) *Certain payments not authorized.* General License No. 1 (§ 520.1) (and any other license to the extent that it merely authorizes payments or transfers between blocked accounts of the same person) does not authorize any payment or transfer of property from an account regarded as blocked under § 520.101 (General License No. 101), except to an account which is also regarded as blocked under that section.

(b) *Responsibility for giving notice.* Persons effecting any payment or transfer of property held in a blocked account pursuant to General License No. 1 (or any other license to the extent that it merely authorizes payments or transfers between blocked accounts of the same person) are required to notify the recipient that the property transferred must be placed in a blocked account.

Subpart D—Public Circulars

§ 520.321 Public Circular No. 21.

(a) *Status of subaccounts.* Each subaccount of a blocked account is deemed to be a separate blocked account.

(b) *Certain transactions not authorized by General Licenses 1, 4, 27.* (Sections 520.1, 520.4, 520.27) (1) On and after January 16, 1943, §§ 520.1, 520.4, and 520.27 (General Licenses Nos. 1, 4, and 27) shall not be deemed to authorize the crediting of the proceeds of the sale of securities held in a blocked account or a subaccount thereof, or the income derived from such securities, to a blocked account or subaccount under any name or designation which differs from the name or designation of the specific blocked account or subaccount in which such securities were held.

(c) *Certain transactions not authorized by specific licenses.* On and after January 16, 1943, no specific license shall be deemed to authorize:

(1) The crediting of the proceeds of the sale of securities held in a blocked account or subaccount thereof, (2) the crediting of the income derived from such securities, or (3) the transfer of such securities, to a blocked account or subaccount under any name or designation which differs from the name or designation of the specific blocked account or subaccount in which such securities were held, unless such specific license by its terms expressly authorizes such crediting or transfer.

§ 520.331 Public Circular No. 31.

(a) Reference is made to § 520.212 (General Ruling No. 12) relating to unlicensed transfers of blocked property.

(b) Under § 520.212a (General Ruling No. 12A), interests in blocked property cannot be acquired, transferred, or created by unlicensed "transfers." Nor may an unlicensed transfer be the basis for the assertion or recognition of any right, remedy, power, or privilege with respect to, or interest in, any blocked property.

(c) An attachment is a "transfer." See § 520.212(e) (General Ruling No. 12) where the term "transfer" is defined as including "the issuance, docketing, filing, or other levy of or under any judgment, decree, attachment, execution, or other judicial or administrative process or order, or the service of any garnishment." An unlicensed attachment, therefore, cannot operate to transfer or create any interest in blocked property. Nor can it serve as a basis for the assertion or recognition of any right, remedy, power, or privilege with respect to, or interest in, any blocked property.

(d) Section 520.212(d) (General Ruling No. 12) does not constitute a license authorizing the seizure or creation of any interest in blocked property by attachment proceedings or other legal process. This paragraph merely is a formal statement of the position which the Treasury Department has always taken with respect to litigation affecting blocked property—

that it does not desire to interfere with such litigation so long as it is clearly understood that the judicial process cannot, without a license or other authorization from the Secretary of the Treasury, operate to transfer or create any interest in blocked property. Thus the proviso of § 520.212(d) specifies that "no attachment, judgment, decree, lien, execution, garnishment, or other judicial process shall confer or create a greater right, power, or privilege with respect to, or interest in, any property in a blocked account than the owner of such property could create or confer by voluntary act prior to the issuance of an appropriate license." In issuing § 520.212(d) the Treasury Department did not undertake to decide for the courts whether they should exercise jurisdiction. It simply prescribed that jurisdiction could be exercised only on the basis that if a Treasury license was not issued, the judicial process could not operate to transfer or create any interest in blocked property, nor could it be the basis for the assertion or recognition of any other right, remedy, power, or privilege with respect to the property.

(e) [Reserved]

(f) It will be the general policy of the Treasury Department not to grant any license authorizing the creation or acquisition through legal process of any interest in blocked property.

§ 520.335 Public Circular No. 35.

(a) *Reference.* Reference is made to § 520.87 (General License No. 87), exempting certain transactions from section 2A(2) of the order, to § 520.101 (General License No. 101), unblocking certain property, to § 520.205 (General Ruling No. 5) relating to the importation of securities, and to § 520.212 (General Ruling No. 12) relating to unlicensed transfers of property in a blocked account.

(b) *Registered securities.* Securities issued by any person subject to the jurisdiction of the United States which were registered in the name of a national of a country listed in § 520.101(a)(1) on or prior to the effective date of § 520.94 (General License No. 94) for such country are subject to the proviso of § 520.94(a) and constitute property in a blocked account unless transfer of registry has been appropriately authorized under the order.

(c) *Property of blocked foreign corporations and other organizations.* Property in the United States which is blocked by reason of the interest of any partnership, association, corporation, or other organization, organized under the laws of any foreign country, which is a national of a country listed in § 520.101(a)(1) because of the stock or other interest therein of a country listed in § 520.101(a)(1) or nationals thereof, shall continue to be regarded as property in a blocked account, notwithstanding the transfer of such stock or other interest to any other country or a national thereof.

(d) *Consequences of certain documents.* With respect to paragraphs (b) and (c) of this section, attention is directed to the fact that neither § 520.87 (General License No. 87), exempting certain transactions from section 2A(2) of the order, nor § 520.205 (General Ruling No. 5 of July 25, 1947), removing the restrictions on the importation of securities not specified in the list attached to such ruling, authorizes any transfer of property in a blocked account. Regarding paragraphs (b) and (c) of this section, attention is also expressly directed to the provisions of § 520.212 (General Ruling No. 12) concerning the effect of unlicensed transfers of property in a blocked account.

§ 520.340 Public Circular No. 40: Effect of prohibitions with respect to domestic and foreign scheduled securities.

(a) Reference is made to §§ 520.205 and 520.205b (General Licenses Nos. 5 and 5B) with respect to which an inquiry has been received as to whether a contract which calls for delivery of a security of a particular issue without reference to any particular certificate number is null and void if a domestic or foreign scheduled security (as defined in the aforementioned sections) is delivered pursuant to it. It was pointed out that ordinarily if delivery is made of a security which is defective another security of the same issue is required to be substituted. The question is directed to whether §§ 520.205

and 520.205b alter any of the obligations arising out of such a contract.

(b) Unless such a contract creates an obligation to deliver a domestic or foreign scheduled security, a contract for the sale and purchase of securities is not rendered null and void by §§ 520.205 and 520.205b by reason of the delivery of a domestic or foreign scheduled security in purported compliance with the contract. Sections 520.205 and 520.205b do not in any way invalidate any rights of the parties to such a contract to enforce its terms, such as requiring delivery of another security of the same issue. Such a contract does not, however, transfer title to or create any interest in or claim to a domestic or foreign scheduled security.

Subpart E—[Reserved]

Subpart F—Reports and Records

§ 520.601 Records.

Every person engaging in any transaction subject to the provisions of this part shall keep a full and accurate record of each such transaction engaged in by him, regardless of whether such transaction is effected pursuant to license or otherwise, and such record shall be available for examination for at least two years after the date of such transaction.

§ 520.602 Reports to be furnished on demand.

Every person is required to furnish under oath, in the form of reports or otherwise, from time to time and at any time as may be required by the Secretary of the Treasury or any person acting under his direction or authorization complete information relative to any transaction subject to the provisions of this part or relative to any property in which any foreign country or any national thereof has any interest of any nature whatsoever, direct or indirect. The Secretary of the Treasury or any person acting under his direction may require that such reports include the production of any books of account, contracts, letters or other papers, connected with any such transaction or property, in the custody or control of the persons required to make such reports. Reports with respect to transactions may be required either before or after such transactions are completed. The Secretary of the Treasury may, through any person or agency, investigate any such transaction or property or any violation of the provisions of this part regardless of whether any report has been required or filed in connection therewith.

§ 520.611 Reports on Form TFR-611.

(a) *Requirement for report.* Reports on Form TFR-611 are hereby required to be filed on or before December 1, 1983, in the manner prescribed herein, by persons subject to the jurisdiction of the United States, with respect to all property held on June 30, 1983, which remains blocked pursuant to Executive Order 8389 of April 10, 1940, as amended. Reports on Form TFR-611 are also required with respect to Czechoslovak property held on June 30, 1983 by persons subject to the jurisdiction of the United States, which was previously blocked pursuant to Executive Order 8389, as amended, and which was unblocked on March 19, 1982.

(b) *Who must report.* Reports on Form TFR-611 must be filed by each of the following:

(1) Any person subject to the jurisdiction of the United States or his successor who, as of June 30, 1983, had in his custody, control or possession, directly or indirectly, in trust or otherwise, property blocked pursuant to Executive Order 8389, as amended. This requirement includes State abandoned property and escheat agencies.

(2) Any person subject to the jurisdiction of the United States or his successor who, as of June 30, 1983, had in his custody, control or possession, directly or indirectly, in trust or otherwise, Czechoslovak property which was previously blocked pursuant to Executive Order 8389, as amended, and which was unblocked on March 19, 1982.

(c) *Filing Form TFR-611.* Reports on Form TFR-611 shall be prepared in triplicate. On or before December 1, 1983, two copies shall be sent in a set to the Office of Foreign Assets Control, Unit 611, Department of the Treasury, Washington, DC 20220. The third copy must be retained with the reporter's records.

(d) *Certification.* Every report on Form TFR-611 shall contain the certification required in Part F of the form. Failure to complete the certification shall render the report ineffective, and the submission of such a report shall not constitute compliance with this section.

(e) *Confidentiality of reports.* Reports filed on Form TFR-611 are regarded as privileged and confidential. However, the United States will release to the Government of Czechoslovakia, in connection with the U.S.-Czechoslovak Agreement concerning the settlement of certain outstanding claims and financial issues, the following information:

(1) The names of holders of accounts of Czechoslovak government agencies and Czechoslovak banks, and the aggregate amount of all Czechoslovak assets held by all such holders.

(2) The names and amounts of blocked accounts of Czechoslovak government agencies and Czechoslovak banks. Information required to be submitted on this census regarding such accounts is mandatory and is not confidential.

(3) The name of, and aggregate amount held by, each holder of private Czechoslovak assets who consents in his report on this census to have the information furnished.

(4) A statement of the aggregate amounts of blocked Czechoslovak assets broken down into private and official categories.

[48 FR 41159, Sept. 14, 1983]

Subpart G—Penalties

§ 520.701 Penalties.

(a) Attention is directed to section 16 of the Trading With the Enemy Act, as amended, which provides:

> Whoever shall willfully violate any of the provisions of the Act or of any license, rule, or regulation issued thereunder, and whoever shall willfully violate, neglect, or refuse to comply with any order of the President issued in compliance with the provisions of this Act shall, upon conviction, be fined not more than $50,000, or, if a natural person, imprisoned for not more than ten years, or both; and the officer, director, or agent of any corporation who knowingly participates in such violation shall be punished by a like fine, imprisonment, or both, and any property, funds, securities, papers, or other articles or documents, or any vessel, together with her tackle, apparel, furniture, and equipment, concerned in such violation shall be forfeited to the United States.

(b) Attention is also directed to 18 U.S.C. 1001 which provides:

> Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious, or fraudulent statement or entry, shall be fined not more than $10,000 or imprisoned not more than 5 years, or both.

[31 FR 7333, May 20, 1966; 31 FR 7625, May 27, 1966, as amended at 50 FR 33719, Aug. 21, 1985]

Subpart H—Procedures

§ 520.801 Licensing.

(a) *General licenses.* General licenses have been issued authorizing under appropriate terms and conditions many types of transactions which are subject to the prohibitions contained in the order. All such licenses are set forth in Subpart B of this part. It is the policy of the Office of Foreign Assets Control not to grant applications for specific licenses authorizing transactions to which the provisions of an outstanding general license are applicable. Persons availing themselves of certain general licenses are required to file reports and statements in accordance with the instructions specified in the licenses.

(b) *Specific licenses*—(1) *General course of procedure.* Transactions subject to the prohibitions contained in the order which are not authorized by general license may be effected only under specific license. The specific licensing activities of the Office of Foreign Assets Control are performed by the central organization and the Federal Reserve Bank of New York. When an unusual problem is presented, the proposed action is cleared with the director of Foreign Assets Control or such person as he may designate.

(2) *Applications for specific licenses.* Applications for specific licenses to engage in any transaction prohibited by or pursuant to this part are to be filed in duplicate on Form TFAC-23 with the Federal Reserve Bank of New York. Any person having an interest in a transaction or proposed transaction may file an application for a license authorizing the effecting of such transaction, and there is no requirement that any other person having an interest in such transaction shall or should join in making or filing such application.

(3) *Information to be supplied.* Applicants must supply all information specified by the respective forms and instructions. Such documents as may be relevant shall be attached to each application as a part of such application except that document previously filed with the Office of Foreign Assets Control or the Office of Alien Property, Department of Justice, may, where appropriate, be incorporated by reference. Applicants may be required to furnish such further information as is deemed necessary to a proper determination by the Office of Foreign Assets Control. If an applicant or other party in interest desires to present additional information or discuss or argue the application, he may do so at any time before or after decision. Arrangements for oral presentation should be made with the Office of Foreign Assets Control.

(4) *Effect of denial.* The denial of a license does not preclude the reopening of an application or the filing of a further application. The applicant or any other party in interest may at any time request explanation of the reasons for a denial by correspondence or personal interview.

(5) *Reports under specific licenses.* As a condition upon the issuance of any license, the licensee may be required to file reports with respect to the transaction covered by the license, in such form and at such times and places as may be prescribed in the license or otherwise.

(6) *Issuance of license.* Licenses will be issued by the Office of Foreign Assets Control acting on behalf of the Secretary of the Treasury or by the Federal Reserve Bank of New York, acting in accordance with such regulations, rulings and instructions as the Secretary of the Treasury or the Office of Foreign Assets Control may from time to time prescribe, in such cases or classes of cases as the Secretary of the Treasury or the Office of Foreign Assets Control may determine, or licenses may be issued by the Secretary of the Treasury acting directly or through any person, agency, or instrumentally designated by him.

§ 520.802 Unblocking.

(a) Any interested person desiring the unblocking of accounts or other property on the ground that the property is not subject to the proviso of § 520.101 may file such an application. Such application shall be filed in the manner provided in § 520.801(b) and shall contain full information in support of the administrative action requested.

(b) The applicant is entitled to be heard on the application. If the applicant desires a hearing, arrangements should be made with the Office of Foreign Assets Control.

§ 520.803 Decision.

The Office of Foreign Assets Control of the Federal Reserve Bank of New York will advise each applicant of the decision respecting applications filed by him. The decision of the Office of Foreign Assets Control acting on behalf of the Secretary of the Treasury with respect to an application shall constitute final agency action.

[32 FR 10847, July 25, 1967]

§ 520.804 Records and reporting.

(a) Records are required to be kept by every person engaging in any transaction subject to the provisions of this chapter, as provided in § 520.601.

(b) Reports may be required from any person with respect to any transaction subject to the provisions of this chapter or relative to any property in which any foreign country or any national thereof has any interest, as provided in § 520.602.

[32 FR 10847, July 25, 1967]

§ 520.805 Amendment, modification or revocation.

The provisions of this part and any rulings, licenses, authorizations, instructions, orders or forms issued thereunder may be amended, modified, or revoked at any time.

§ 520.806 Rulemaking.

(a) All rules and other public documents are issued by the Secretary of the Treasury upon recommendation of the Director of Foreign Assets Control or by the Director of the Office of Foreign Assets Control. Except to the extent that there is involved any military, naval, or foreign affairs function of the United States or any matter relating to agency management or personnel or to public property, loans, grants, benefits, or contracts and except when interpretative rules, general statements of policy, or rules of agency organization, practice, or procedure are involved or when notice and public procedure are impracticable, unnecessary or contrary to the public interest, interested persons will be afforded an opportunity to participate in rule making through submission of written data, views, or argument, with oral presentation in the discretion of the Director. In general, rule making by the Office of Foreign Assets Control involves foreign affairs functions of the United States. Wherever possible, however, it is the practice to hold informal consultations with interested groups or persons before the issuance of any rule or other public document.

(b) Any interested person may petition the Director of Foreign Assets Control in writing for the issuance, amendment or repeal of any rule.

§ 520.807 Delegation by the Secretary of the Treasury.

Any action which the Secretary of the Treasury is authorized to take pursuant to the Trading With the Enemy Act may be taken by the Director, Foreign Assets Control, or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

§ 520.809 Rules governing availability of information.

(a) The records of the Office of Foreign Assets Control required by 5 U.S.C. 552 to be made available to the public shall be made available in accordance with the definitions, procedures, payment of fees, and other provisions of the regulations on the Disclosure of Records of the Office of the Secretary and of other bureaus and offices of the Department issued under 5 U.S.C. 552 and published as Part 1 of this Title 31 of the Code of Federal Regulations, 32 FR 9562, July 1, 1967.

(b) Form TFAC-23 and any other form used in connection with the Foreign Funds Control Regulations may be obtained in person from or by writing to the Office of Foreign Assets Control, Treasury Department, Washington, DC 20220, or the Foreign Assets Control Division, Federal Reserve Bank of New York, 33 Liberty Street, New York, N.Y. 10045.

[32 FR 10847, July 25, 1967]

Subpart I—Miscellaneous Provisions

§ 520.901 Paperwork Reduction Act notice.

The information collection requirements in §§ 520.205(e) (1) and (5) and 520.801 have been approved by the Office of Management and Budget under the Paperwork Reduction Act and assigned control number 1505-0075.

[50 FR 27438, July 3, 1985]

PART 530—RHODESIAN SANCTIONS REGULATIONS

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Subpart D—Interpretations

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530.402 Effect of amendment of sections of this part or of other orders, etc.

Subpart E—[Reserved]

Subpart F—Reports

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Subpart G—Penalties

530.701 Penalties.

AUTHORITY: E.O. 11322, Jan. 5, 1967; E.O. 11419, July 29, 1968; sec. 5, 59 Stat. 620, sec. 3, 63 Stat. 735; 22 U.S.C. 287c.

SOURCE: 33 FR 11524, Aug. 13, 1968, unless otherwise noted.

Subparts A-C—[Reserved]

Subpart D—Interpretations

§ 530.402 Effect of amendment of sections of this part or of other orders, etc.

Any amendment, modification, or revocation of any section of this part or of any order, regulation, ruling, instruction, or license issued by or under the direction of the Secretary of the Treasury pursuant to Executive Order 11322 or Executive Order 11419 shall not unless otherwise specifically provided be deemed to affect any act done or omitted to be done, or any suit or proceeding had or commenced in any civil or criminal case, prior to such amendment, modification, or revocation, and all penalties, forfeitures, and liabilities under any such section, order, regulation, ruling, instruction, or license shall continue and may be enforced as if such amendment, modification, or revocation had not been made.

Subpart E—[Reserved]

Subpart F—Reports

§ 530.601 Records.

Every person engaging in any transaction subject to the provisions of this part shall keep a full and accurate record of each such transaction engaged in by him, regardless of whether such transaction is effected pursuant to license or otherwise, and such record shall be available for examination for at least 2 years after the date of such transaction.

§ 530.602 Reports to be furnished on demand.

Every person is required to furnish under oath, in the form of reports or otherwise, from time to time and at any time as may be required by the Secretary of the Treasury or any person acting under his direction or authorization complete information relative to any transaction subject to the provisions of this part. The Secretary of the Treasury or any person acting under his direction may require that such reports include the production of any books of account, contracts, letters, or other papers, connected with any such transaction in the custody or control of the persons required to make such reports. Reports with respect to transactions may be required either before or after such transactions are completed. The Secretary of the Treasury may, through any person or agency, investigate any such transaction or any violation of the provisions of this part regardless of whether any report has been required or filed in connection therewith.

Subpart G—Penalties

§ 530.701 Penalties.

(a) Attention is directed to section 5(b) of the United Nations Participation Act of 1945 (22 U.S.C. 287(c)), which provides in part:

> Any person who willfully violates or evades or attempts to violate or evade any order, rule, or regulation issued by the President pursuant to subsection (a) of this section shall, upon conviction be fined not more than $10,000, or, if a natural person, be imprisoned for not more than 10 years, or both; and the officer, director, or agent of any corporation who knowingly participates in such violation or evasion shall be punished by a like fine, imprisonment, or both, and any property, funds, securities, papers, or other articles or documents, or any vessel, together with her tackle, apparel, furniture, and equipment, or vehicle, or aircraft, concerned in such violation shall be forfeited to the United States. (Dec. 20, 1945, ch. 583, sec. 5, 59 Stat. 620; Oct. 10, 1949, ch. 660, sec. 3, 63 Stat. 735.)

This section of the United Nations Participation Act of 1945 is applicable to violations of any provisions of this part and to violations of the provisions of any license, ruling, regulation, order, direction or instruction issued pursuant to this part or otherwise under section 5 of the United Nations

Participation Act, Executive Order 11322, and Executive Order 11419.

(b) Attention is also directed to 18 U.S.C. 1001 which provides:

> Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals, or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than $10,000 or imprisoned not more than 5 years, or both.

PART 535—IRANIAN ASSETS CONTROL REGULATIONS

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535.101 Relation of this part to other laws and regulations.

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535.216 Prohibition against prosecution of certain claims.
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AUTHORITY: Secs. 201-207, 91 Stat. 1626; 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685.

SOURCE: 44 FR 65956, Nov. 15, 1979, unless otherwise noted.

Subpart A—Relation of This Part to Other Laws and Regulations

§ 535.101 Relation of this part to other laws and regulations.

(a) This part is independent of Parts 500, 505, 515, 520 and 530 of this chapter. Those parts do not relate to Iran. No license or authorization contained in or issued pursuant to such parts shall be deemed to authorize any transaction prohibited by this part, nor shall any license or authorization issued pursuant to any other provision of law (except this part) be deemed to authorize any transaction so prohibited.

(b) No license or authorization contained in or issued pursuant to this part shall be deemed to authorize any transaction to the extent that it is prohibited by reason of the provisions of any law or any statute other than the International Emergency Economic Powers Act, as amended, or any proclamation order or regulation other than those contained in or issued pursuant to this part.

Subpart B—Prohibitions

§ 535.201 Transactions involving property in which Iran or Iranian entities have an interest.

No property subject to the jurisdiction of the United States or which is in the possession of or control of persons subject to the jurisdiction of the United States in which on or after the effective date Iran has any interest of any nature whatsoever may be transferred, paid, exported, withdrawn or otherwise dealt in except as authorized.

[45 FR 24432, Apr. 9, 1980]

§ 535.202 Transactions with respect to securities registered or inscribed in the name of Iran.

Unless authorized by a license expressly referring to this section, the acquisition, transfer (including the transfer on the books of any issuer or agent thereof), disposition, transportation, importation, exportation, or withdrawal of, or the endorsement or guaranty of signatures on or otherwise dealing in any security (or evidence thereof) registered or inscribed in the name of any Iranian entity is prohibited irrespective of the fact that at any time (either prior to, on, or subsequent to the effective date) the registered or inscribed owner thereof may have, or appears to have, assigned, transferred or otherwise disposed of any such security.

§ 535.203 Effect of transfers violating the provisions of this part.

(a) Any transfer after the effective date which is in violation of any provision of this part or of any regulation, ruling, instruction, license, or other direction or authorization thereunder and involves any property in which Iran has or has had an interest since such effective date is null and void and shall not be the basis for the assertion or recognition of any interest in or right, remedy, power or privilege with respect to such property.

(b) No transfer before the effective date shall be the basis for the assertion or recognition of any right, remedy, power, or privilege with respect to, or interest in, any property in which Iran has or has had an interest since the effective date unless the person with whom such property is held or maintained had written notice of the transfer or by any written evidence had recognized such transfer prior to such effective date.

(c) Unless otherwise provided, an appropriate license or other authorization issued by or pursuant to the direction or authorization of the Secretary of the Treasury before, during or after a transfer shall validate such transfer or render it enforceable to the same extent as it would be valid or enforceable but for the provisions of the International Emergency Economic Powers Act and this part and any ruling, order, regulation, direction or instruction issued hereunder.

(d) Transfers of property which otherwise would be null and void, or unenforceable by virtue of the provisions of this section shall not be deemed to be null and void, or unenforceable pursuant to such provisions, as to any person with whom such property was held or maintained (and as to such person only) in cases in which such person is able to establish each of the following:

(1) Such transfer did not represent a willful violation of the provisions of this part by the person with whom such property was held or maintained;

(2) The person with whom such property was held or maintained did not have reasonable cause to know or suspect, in view of all the facts and circumstances known or availabe to such person, that such transfer required a license or authorization by or pursuant to the provision of this part and was not so licensed or authorized or if a license or authorization did purport to cover the transfer, that such license or authorization had been obtained by misrepresentation or the withholding of material facts or was otherwise fraudulently obtained; and

(3) Promptly upon discovery that:

(i) Such transfer was in violation of the provisions of this part or any regulation, ruling, instruction, license or other direction or authorization thereunder, or

(ii) Such transfer was not licensed or authorized by the Secretary of the Treasury, or

(iii) If a license did purport to cover the transfer, such license had been obtained by misrepresentation or the withholding of material facts or was otherwise fraudulently obtained; the person with whom such property was held or maintained filed with the Treasury Department, Washington, D.C., a report in triplicate setting forth in full the circumstances relating to such transfer. The filing of a report in accordance with the provisions of this paragraph shall not be deemed to be compliance or evidence of compliance with paragraphs (d) (1) and (2) of this section.

(e) Unless licensed or authorized pursuant to this part any attachment, judgment, decree, lien, execution, garnishment, or other judicial process is null and void with respect to any property in which on or since the effective date there existed an interest of Iran.

(f) For the purpose of this section the term "property" includes gold, silver, bullion, currency, coin, credit, securities (as that term is defined in section 2(l) of the Securities Act of 1933, as amended), bills of exchange, notes, drafts, acceptances, checks, letters of credit, book credits, debts, claims, contracts, negotiable documents of title, mortgages, liens, annuities, insurance policies, options and futures in commodities, and evidences of any of the foregoing. The term "property" shall not, except to the extent indicated, be deemed to include chattels or real property.

[44 FR 65956, Nov. 15, 1979, as amended at 45 FR 24432, Apr. 9, 1980]

§ 535.208 Evasions; effective date.

(a) Any transaction for the purpose of, or which has the effect of, evading or avoiding any of the prohibitions set forth in this subpart is hereby prohibited.

(b) The term "effective date" means, with respect to transactions prohibited in § 535.201, 8:10 a.m. eastern standard time, November 14, 1979, and with respect to the transactions prohibited in §§ 535.206 and 535.207, 4:19 p.m. eastern standard time, April 7, 1980.

(c) With respect to any amendments of the foregoing sections or any other amendments to this part the term "effective date" shall mean the date of filing with the FEDERAL REGISTER.

[45 FR 24433, Apr. 9, 1980, as amended at 45 FR 26940, Apr. 21, 1980]

§ 535.210 Direction for establishing an escrow agreement.

(a) The Federal Reserve Bank of New York, as fiscal agent of the United States, is licensed, authorized, directed and compelled to enter into escrow and related agreements under which certain money and other assets shall be credited to escrow accounts by the Bank of England or the N.V. Settlement Bank of the Netherlands.

(b) The Federal Reserve Bank of New York is licensed, authorized, directed and compelled, as fiscal agent of the United States, to receive certain money and other assets in which Iran or its agencies, instrumentalities or controlled entities have an interest and to hold or transfer such money and other assets, and any earnings or interest payable thereon, in such manner and at such times as the Secretary of the Treasury deems necessary to fulfill the rights and obligations of the United States under the Declaration of the government of the Democratic and Popular Republic of Algeria dated January 19, 1981, and the Undertakings of the Government of the United States of America and the Government of Islamic Republic of Iran with respect to the Declaration of the Government of the Democratic and Popular Republic of Algeria, and the escrow and related agreements described in paragraph (a) of this section. Such money and other assets may be invested, or not, at the discretion of the Federal Reserve Bank of New York, as fiscal agent of the United States.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14333, Feb. 26, 1981, as amended at 46 FR 42063, Aug. 19, 1981]

§ 535.211 Direction involving transfers by the Federal Reserve Bank concerning certain Iranian property.

The Federal Reserve Bank of New York is licensed, authorized, directed and compelled to transfer to its account at the Bank of England, and subsequently to transfer to accounts in the name of the Central Bank of Algeria as Escrow Agent at the Bank of England that are established pursuant to an escrow and related agreements approved by the Secretary of the Treasury, all gold bullion, together with all other assets in its custody (or the cash equivalent thereof), of Iran or its agencies, instrumentalities or controlled entities. Such transfers, and whatever further related transactions are deemed appropriate by the Secretary of the Treasury, shall be executed when and in the manner directed by the Secretary of the Treasury.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14333, Feb. 26, 1981]

§ 535.212 Direction to transfer property in which Iran or an Iranian entity has an interest by branches and offices of United States banks located outside the United States.

(a) Any branch or office of a United States bank or subsidiary thereof, which branch, office or subsidiary is located outside the territory of the United States, and which, on or after 8:10 a.m., e.s.t., on November 14, 1979:

(1) Has been or is in possession of funds or securities legally or beneficially owned by the Government of Iran or its agencies, instrumentalities, or controlled entities, or (2) has carried or is carrying on its books deposits standing to the credit of or beneficially owned by such government, its agencies, instrumentalities or controlled entities, is licensed, authorized, directed and compelled to transfer such funds, securities and deposits, held on January 19, 1981, including interest from November 14, 1979, at commercially reasonable rates, to the account of the Federal Reserve Bank of New York, as fiscal agent of the U.S., at the Bank of England, to be held or transferred as directed by the Secretary of the Treasury. The funds, securities and deposits described in this section shall be further transferred as provided for in the Declarations of the Government of the Democratic and Popular Republic of Algeria and the Undertakings of the Government of the United States of America and the Government of the Islamic Republic of Iran with respect to the Declaration.

(b) Any banking institution subject to the jurisdiction of the United States that has executed a set-off on or after 8:10 a.m., e.s.t., November 14, 1979, against Iranian funds, securities or deposits referred to in paragraph (a) of this section is hereby licensed, authorized, directed and compelled to cancel such set-off and to transfer all funds, securities and deposits which have been subject to such set-off, including interest from November 14, 1979, at commercially reasonable rates, pursuant to the provisions of paragraph (a) of this section.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14333, Feb. 26, 1981]

§ 535.213 Direction involving property held by offices of banks in the United States in which Iran or an Iranian entity has an interest.

(a) Any branch or office of a bank, which branch or office is located within the United States and is, on the effective date of this section, either:

(1) In possession of funds or securities legally or beneficially owned by the Government of Iran or its agencies, instrumentalities or controlled entities, or (2) carrying on its books deposits standing to the credit of or beneficially owned by such government or its agencies, instrumentalities or controlled entities, is licensed, authorized, directed and compelled to transfer such funds, securities and deposits, held on January 19, 1981, including interest from November 14, 1979, at commercially reasonable rates, to the Federal Reserve Bank of New York, as fiscal agent of the U.S., to be held or transferred as directed by the Secretary of the Treasury.

(b) Transfer of funds, securities or deposits under paragraph (a) of this section shall be in accordance with the provisions of § 535.221 of this part, and such funds, securities or deposits, plus interest at commercially reasonable rates from November 14, 1979, to the transfer date, shall be received by the Federal Reserve Bank of New York by 11 a.m., E.D.T., July 10, 1981. For periods for which rates are to be determined in the future, whether by agreement between Iran and the bank or otherwise (see § 535.440), interest for such periods shall be transferred to the Federal Reserve Bank of New York promptly upon such determination. Such interest shall include interest at commercially reasonable rates from July 19, 1981, on the interest which would have accrued by July 19, 1981.

(c) Any funds, securities or deposits subject to a valid attachment, injunction or other like proceeding or process not affected by § 535.218 need not be transferred as otherwise required by this section.

(d) The transfers of securities required by this section shall be made notwithstanding § 535.202.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 26477, May 13, 1981, as amended at 46 FR 30341, June 8, 1981; 46 FR 35106, July 7, 1981; 48 FR 253, Jan. 4, 1983]

§ 535.214 Direction involving other financial assets in which Iran or an Iranian entity has an interest held by any person subject to the jurisdiction of the United States.

(a) Any person subject to the jurisdiction of the United States which is not a banking institution and is on January 19, 1981, in possession or control of funds or securities of Iran or its agencies, instrumentalities or controlled entities is licensed, authorized, directed and compelled to transfer such funds or securities to the Federal Reserve Bank of New York, as fiscal agent of the U.S. to be held or transferred as directed by the Secretary of the Treasury. However, such funds and securities need not be transferred until any disputes (not relating to any attachment, injunction or similar order) as to the entitlement of Iran and its entities to them are resolved.

(b) Transfers of funds and securities under paragraph (a) of this section shall be in accordance with the provisions of § 535.221 of this part, and such funds and securities shall be received by the Federal Reserve Bank of New York by 11 a.m., E.D.T., July 10, 1981.

(c) Any funds, securities or deposits subject to a valid attachment, injunction or other like proceeding or process not affected by § 535.218 need not be transferred as otherwise required by this section.

(d) The transfers of securities required by this section shall be made notwithstanding § 535.202.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 26447, May 13, 1981, as amended at 46 FR 30341, June 8, 1981; 46 FR 35107, July 7, 1981]

§ 535.215 Direction involving other properties in which Iran or an Iranian entity has an interest held by any person subject to the jurisdiction of the United States.

(a) Except as provided in paragraphs (b) and (c) of this section, all persons subject to the jurisdiction of the United States in possession or control of properties, as defined in § 535.333 of this part, not including funds and securities owned by Iran or its agencies, instrumentalities or controlled entities are licensed, authorized, directed and compelled to transfer such properties held on January 19, 1981 as directed after that date by the Government of Iran, acting through its authorized agent. Except where specifically stated, this license, authorization and direction does not relieve persons subject to the jurisdiction of the United States from existing legal requirements other than those based upon the International Emergency Economic Powers Act.

(b) Any properties subject to a valid attachment, injunction or other like proceeding or process not affected by § 535.218 need not be transferred as otherwise required by this section.

(c) Notwithstanding paragraph (a) of this section, persons subject to the jurisdiction of the United States, including agencies, instrumentalities and entities controlled by the Government of Iran, who have possession, custody or control of blocked tangible property covered by § 535.201, shall not transfer such property without a specific Treasury license, if the export of such property requires a specific license or authorization pursuant to the provisions of any of the following acts, as amended, or regulations in force with respect to them: the Export Administration Act, 50 U.S.C. App. 2403, *et seq.*, the Aims Export Control Act, 22 U.S.C. 2751, *et seq.*, the Atomic Energy Act, 42 U.S.C. 2011, *et seq.*, or any other act prohibiting the export of such property, except as licensed.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14334, Feb. 26, 1981, as amended at 46 FR 26477, May 13, 1981; 49 FR 21322, May 21, 1984]

§ 535.216 Prohibition against prosecution of certain claims.

(a) Persons subject to the jurisdiction of the United States are prohibited from prosecuting in any court within the United States or elsewhere, whether or not litigation was commenced before or after January 19, 1981, any claim against the Government of Iran arising out of events occurring before January 19, 1981 relating to:

(1) The seizure of the hostages on November 4, 1979;

(2) The subsequent detention of such hostages;

(3) Injury to United States property or property of United States nationals within the United States Embassy compound in Tehran after November 3, 1979; or

(4) Injury to United States nationals or their property as a result of popular movements in the course of the Islamic Revolution in Iran which were not an act of the Government of Iran.

(b) Any persons who are not United States nationals are prohibited from prosecuting any claim described in paragraph (a) of this section in any court within the United States.

(c) No further action, measure or process shall be taken after the effective date of this section in any judicial proceeding instituted before the effective date of this section which is based upon any claim described in paragraph (a) of this section, and all such proceedings shall be terminated.

(d) No judicial order issued in the course of the proceedings described in paragraph (c) of this section shall be enforced in any way.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14334, Feb. 26, 1981]

§ 535.217 Blocking of property of the former Shah of Iran and of certain other Iranian nationals.

(a) For the purpose of protecting the rights of litigants in courts within the United States, all property and assets located in the United States in the control of the estate of Mohammad Reza Pahlavi, the former Shah of Iran, or any close relative of the former Shah served as a defendant in litigation in such courts brought by Iran seeking the return of property alleged to belong to Iran, is blocked as to each such estate or person, until all such litigation against such estate or person is finally terminated. This provision shall apply only to such estate or persons as to which Iran has furnished proof of service to the Office of Foreign Assets Control and which the Office has identified in paragraph (b) of this section.

(b) Ashraf Pahlavi, sister of Mohammad Reza Pahlavi, the former Shah of Iran May 11, 1981.

(c) The effective date of this section is January 19, 1981, except as otherwise specified after the name of a person identified in paragraph (b) of this section.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 26478, May 13, 1981]

§ 535.218 Prohibitions and nullifications with respect to property described in §§ 535.211, 535.212, 535.213, 535.214 and 535.215 and standby letters of credit.

(a) All licenses and authorizations for acquiring or exercising any right, power or privilege, by court order, attachment, or otherwise, including the license contained in § 535.504, with respect to the property described in §§ 535.211, 535.212, 535.213, 535.214 and 535.215 are revoked and withdrawn.

(b) All rights, powers and privileges relating to the property described in §§ 535.211, 535.212, 535.213, 535.214 and 535.215 and which derive from any attachment, injunction, other like proceedings or process, or other action in any litigation after November 14, 1979, at 8:10 a.m., e.s.t., including those derived from § 535.504, other than rights, powers and privileges of the Government of Iran and its agencies, instrumentalities and controlled entities, whether acquired by court order or otherwise, are nullified, and all persons claiming any such right, power or privilege are hereafter barred from exercising the same.

(c) All persons subject to the jurisdiction of the United States are prohibited from acquiring or exercising any right, power or privilege, whether by court order or otherwise, with respect to property (and any income earned thereon) referred to in §§ 535.211, 535.212, 535.213, 535.214 and 535.215.

(d) The prohibitions contained in paragraph (c) of this section shall not apply to Iran, its agencies, instrumentalities or controlled entities.

(e) Paragraph (a) of this section does not revoke or withdraw specific licenses authorizing the operation of blocked accounts which were issued prior to January 19, 1981, and which do not relate to litigation. Such licenses shall be deemed to be revoked as of May 31, 1981, unless extended by general or specific license issued subsequent to February 26, 1981.

(f) The provisions of paragraphs (a), (b) and (c) of this section shall apply to contested and contingent liabilities and property interests of the Government of Iran, its agencies, instrumentalities or controlled entities, including debts.

(g) All existing attachments on standby letters of credit, performance bonds and similar obligations and on substitute blocked accounts established under § 535.568 relating to standby letters of credit, performance bonds and similar obligations are nullified and all future attachments on them are hereafter prohibited. All rights, powers and privileges relating to such attachments are nullified and all persons hereafter are barred from asserting or exercising any rights, powers or privileges derived therefrom.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919, E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14334, Feb. 26, 1981, as amended at 46 FR 26477, May 13, 1981]

§ 535.219 Discharge of obligation by compliance with this part.

Compliance with §§ 535.210, 535.211, 535.212, 535.213, 535.214 and 535.215, or any other orders, regulations, instructions or directions issued pursuant to this part licensing, authorizing, directing or compelling the transfer of the assets described in those sections, shall, to the extent thereof, be a full acquittance and discharge for all purposes of the obligation of the person making the same. No person shall be held liable in any court for or with respect to anything done or omitted in good faith in connection with the administration of, or pursuant to and in reliance on, such orders, regulations, instructions or directions.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14334, Feb. 26, 1981]

§ 535.220 Timing of transfers required by § 535.212.

Transfers required by § 535.212 to the account of the Federal Reserve

Bank of New York, as fiscal agent of the U.S., at the Bank of England shall be executed no later than 6 a.m., e.s.t., January 20, 1981, when the banking institution had knowledge of the terms of Executive Order 12278 of January 19, 1981.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706, E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14335, Feb. 26, 1981]

§ 535.221 Compliance with directive provisions.

(a) Transfers of deposits or funds required by §§ 535.213 and 535.214 of this part shall be effected by means of wire transfer to the Federal Reserve Bank of New York for credit to the following accounts: with respect to transfers required by § 535.213, to the Federal Reserve Bank of New York, as fiscal agent of the United States, Special Deposit Account A, and with respect to transfers required by § 535.214, to the Federal Reserve Bank of New York, as fiscal agent of the United States, Special Deposit Account B.

(b) Securities to be transferred as required by §§ 535.213 and 535.214 of this part that are not presently registered in the name of Iran or an Iranian entity shall be delivered to the Federal Reserve Bank of New York in fully transferable form (bearer or endorsed in blank), accompanied by all necessary transfer documentation, *e.g.*, stock or bond powers or powers of attorney. All securities transferred, including those presently registered in the name of Iran or an Iranian entity, shall be accompanied by instructions to deposit such securities to the following accounts: with respect to transfers required by § 535.213, to the Federal Reserve Bank of New York, as fiscal agent of the United States, Special Custody Account A, and with respect to transfers required by § 535.214, to the Federal Reserve Bank of New York, as fiscal agent of the United States, Special Custody Account B.

(1) Securities which are in book-entry form shall be transferred by wire transfer to the Federal Reserve Bank of New York to the appropriate account named in this paragraph.

(2) Definitive securities which are in bearer or registered form shall be hand delivered or forwarded by registered mail, insured, to the Federal Reserve Bank of New York, Safekeeping Department, to the appropriate account named in this paragraph.

(c) If a security in which Iran or an Iranian entity has an interest is evidenced by a depositary receipt or other evidence of a security, the legal owner of such security shall arrange to have the security placed in fully transferable form (bearer or endorsed in blank) as provided in paragraph (b) of this section, and transferred pursuant to paragraph (b)(2) of this section.

(d) Any person delivering a security or securities to the Federal Reserve Bank of New York under paragraph (b) of this section, shall provide the Bank at least 2 business days prior written notice of such delivery, specifically identifying the sending person, the face or par amount and type of security, and whether the security is in bearer, registered or book-entry form.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 30341, June 8, 1981]

§ 535.222 Suspension of claims eligible for Claims Tribunal.

(a) All claims which may be presented to the Iran-United States Claims Tribunal under the terms of Article II of the Declaration of the Government of the Democratic and Popular Republic of Algeria Concerning the Settlement of Claims by the Government of the United States of America and the Government of the Islamic Republic of Iran, dated January 19, 1981, and all claims for equitable or other judicial relief in connection with such claims, are hereby suspended, except as they may be presented to the Tribunal. During the period of this suspension, all such claims shall have no legal effect in any action now pending in any court in the United States, including the courts of any state and any locality thereof, the District of Columbia and Puerto Rico, or in any action commenced in any such court after the effective date of this section.

(b) Nothing in paragraph (a) of this section shall prohibit the assertion of a defense, set-off or counterclaim in any pending or subsequent judicial proceeding commenced by the Government of Iran, any political subdivision of Iran, or any agency, instrumentality or entity controlled by the Government of Iran or any political subdivision thereof.

(c) Nothing in this section precludes the commencement of an action after the effective date of this section for the purpose of tolling the period of limitations for commencement of such action.

(d) Nothing in this section shall require dismissal of any action for want of prosecution.

(e) Suspension under this section of a claim or a portion thereof submitted to the Iran-United States Claims Tribunal for adjudication shall terminate upon a determination by the Tribunal that it does not have jurisdiction over such claim or portion thereof.

(f) A determination by the Iran-United States Claims Tribunal on the merits that a claimant is not entitled to recover on a claim or part thereof shall operate as a final resolution and discharge of such claim or part thereof for all purposes. A determination by the Tribunal that a claimant shall have recovery on a claim or part thereof in a specified amount shall operate as a final resolution and discharge of such claim or part thereof for all purposes upon payment to the claimant of the full amount of the award including any interest awarded by the Tribunal.

(g) Nothing in this section shall apply to any claim concerning the validity or payment of a standby letter of credit, performance or payment bond or other similar instrument. However, assertion of such a claim through judicial proceedings is governed by the general license in § 535.504.

(h) The effective date of this section is February 24, 1981.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685, E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14335, Feb. 26, 1981, as amended at 47 FR 29529, July 7, 1982]

Subpart C—General Definitions

§ 535.301 Iran; Iranian Entity.

(a) The term "Iran" and "Iranian Entity" includes:

(1) The state and the Government of Iran as well as any political subdivision, agency, or instrumentality thereof or any territory, dependency, colony, protectorate, mandate, dominion, possession or place subject to the jurisdiction thereof;

(2) Any partnership, association, corporation, or other organization substantially owned or controlled by any of the foregoing;

(3) Any person to the extent that such person is, or has been, or to the extent that there is reasonable cause to believe that such person is, or has been, since the effective date acting or purporting to act directly or indirectly on behalf of any of the foregoing.

(4) Any territory which on or since the effective date is controlled or occupied by the military, naval or police forces or other authority of Iran; and

(5) Any other person or organization determined by the Secretary of the Treasury to be included within paragraph (a) of this section.

(b) A person specified in paragraph (a)(2) of this section shall not be deemed to fall within the definition of Iran solely by reason of being located in, organized under the laws of, or having its principal place of business in, Iran.

§ 535.308 Person.

The term "person" means an individual, partnership, association, corporation or other organization.

[45 FR 24433, Apr. 9, 1980]

§ 535.310 Transfer.

The term "transfer" shall mean any actual or purported act or transaction, whether or not evidenced by writing, and whether or not done or performed within the United States, the purpose, intent or effect of which is to create, surrender, release, transfer, or alter, directly or indirectly, any right, remedy, power, privilege, or interest with respect to any property and, without limitation upon the foregoing, shall include the making, execution, or delivery of any assignment, power, conveyance, check, declaration, deed, deed of trust, power of attorney, power of appointment, bill of sale, mortgage, receipt, agreement, contract, certificate, gift, sale, affidavit, or statement; the appointment of any agent, trustee, or fiduciary; the creation or transfer of any lien; the issuance, docketing, filing, or the levy of or under any judgement, decree, attachment, execution, or other judicial or administrative process or order, or the service of any garnishment; the acquisition of any interest of any nature whatsoever by reason of a judgment or decree of any foreign country; the fulfillment of any condition, or the exercise of any power of appointment, power of attorney, or other power.

[44 FR 75352, Dec. 19, 1979]

§ 535.311 Property; property interests.

Except as defined in § 535.203(f) for the purposes of that section, the terms "property" and "property interest" or "property interests" shall include, but not by way of limitation, money, checks, drafts, bullion, bank deposits, savings accounts, debts, indebtedness, obligations, notes, debentures, stocks, bonds, coupons, any other financial securities, bankers' acceptances, mortgages, pledges, liens or other rights in the nature of security, warehouse receipts, bills of lading, trust receipts, bills of sale, any other evidences of title, ownership or indebtedness, powers of attorney, goods, wares, merchandise, chattels, stocks on hand, ships, goods on ships, real estate mortgages, deeds of trust, vendors' sales agreements, land contracts, real estate and any interest therein, leaseholds, grounds rents, options, negotiable instruments, trade acceptances, royalties, book accounts, accounts payable, judgments, patents, trademarks or copyrights, insurance policies, safe deposit boxes and their contents, annuities, pooling agreements, contracts of any nature whatsoever, and any other property, real, personal, or mixed, tangible or intangible, or interest or interests therein, present, future or contingent.

§ 535.312 Interest.

Except as otherwise provided in this part, the term "interest" when used with respect to property shall mean an interest of any nature whatsoever, direct or indirect.

[44 FR 75352, Dec. 19, 1979]

§ 535.316 License.

Except as otherwise specified, the term "license" shall mean any license or authorization contained in or issued pursuant to this part.

[44 FR 66832, Nov. 21, 1979]

§ 535.317 General license.

A general license is any license or authorization the terms of which are set forth in this part.

[44 FR 66832, Nov. 21, 1979]

§ 535.318 Specific license.

A specific license is any license or authorization issued pursuant to this part but not set forth in this part.

[44 FR 66832, Nov. 21, 1979]

§ 535.320 Domestic bank.

(a) The term "domestic bank" shall mean any branch or office within the United States of any of the following which is not Iran or an Iranian entity: any bank or trust company incorporated under the banking laws of the United States or of any state, territory, or district of the United States, or any private bank or banker subject to supervision and examination under the banking laws of the United States or of any state, territory or district of the United States. The Secretary of the Treasury may also authorize any other banking institution to be treated as a "domestic bank" for the purpose of this definition or for the purpose of any or all sections of this part.

(b) For purposes of §§ 535.413, 535.508, 535.531 and 535.901, the term "domestic bank" includes any branch or office within the United States of a non-Iranian foreign bank.

[44 FR 66832, Nov. 21, 1979]

§ 535.321 United States; continental United States.

The term "United States" means the United States and all areas under the jurisdiction or authority thereof including the Trust Territory of the Pacific Islands. The term "continental United States" means the states of the United States and the District of Columbia.

[44 FR 66833, Nov. 21, 1979]

§ 535.329 Person subject to the jurisdiction of the United States.

The term "person subject to the jurisdiction of the United States" includes:

(a) Any person wheresoever located who is a citizen or resident of the United States;

(b) Any person actually within the United States;

(c) Any corporation organized under the laws of the United States or of any state, territory, possession, or district of the United States; and

(d) Any partnership, association, corporation, or other organization wheresoever organized or doing business which is owned or controlled by persons specified in paragraph (a), (b), or (c) of this section.

§ 535.333 Properties.

(a) The term "properties" as used in § 535.215 includes all uncontested and non-contingent liabilities and property interests of the Government of Iran, its agencies, instrumentalities or controlled entities, including debts. It does not include bank deposits or funds and securities. It also does not include obligations under standby letters of credit or similar instruments in the nature of performance bonds, including accounts established pursuant to § 535.568.

(b) Properties are not Iranian properties or owned by Iran unless all necessary obligations, charges and fees relating to such properties are paid and liens against such properties (not including attachments, injunctions and similar orders) are discharged.

(c) Liabilities and property interests may be considered contested if the holder thereof reasonably believes that a court would not require the holder, under applicable law to transfer the asset by virtue of the existence of a defense, counterclaim, set-off or similar reason. For purposes of this paragraph, the term "holder" shall include any person who possesses the property, or who, although not in physical possession of the property, has, by contract or otherwise, control over a third party who does in fact have physical possession of the property. A person is not a "holder" by virtue of being the beneficiary of an attachment, injunction or similar order.

(d) Liabilities and property interests shall not be deemed to be contested solely because they are subject to an attachment, injunction or other similar order.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14335, Feb. 26, 1981]

§ 535.334 Act of the Government of Iran.

For purposes of § 535.216, an act of the Government of Iran, includes any acts ordered, authorized, allowed, approved, or ratified by the Government of Iran, its agencies, instrumentalities or controlled entities.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14336, Feb. 26, 1981]

§ 535.335 Claim arising out of events in Iran.

For purposes of § 535.216, a claim is one "arising out of events" of the type specified only if such event is the specific act that is the basis of the claim.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14336, Feb. 26, 1981]

§ 535.337 Funds.

For purposes of this part, the term "funds" shall mean monies in trust, escrow and similar special funds held by non-banking institutions, currency and coins. It does not include accounts created under § 535.568.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 30341, June 8, 1981]

Subpart D—Interpretations

§ 535.401 Reference to amended sections.

Reference to any section of this part or to any regulation, ruling, order, instruction, direction or license issued pursuant to this part shall be deemed to refer to the same as currently amended unless otherwise so specified.

[45 FR 24433, Apr. 9, 1980]

§ 535.402 Effect of amendment of sections of this part or of other orders, etc.

Any amendment, modification, or revocation of any section of this part or of any order, regulation, ruling, instruction, or license issued by or under the direction of the Secretary of the Treasury pursuant to section 203 of the International Emergency Economic Powers Act shall not, unless otherwise specifically provided, be deemed to affect any act done or omitted to be done, or any suit or proceeding had or commenced in any civil or criminal case, prior to such amendment, modification, or revocation and all penalties, forfeitures, and liabilities under any such order, regulation, ruling, instruction or license shall continue and may be enforced as if such amendment, modification, or revocation had not been made.

[45 FR 24433, Apr. 9, 1980]

§ 535.403 Termination and acquisition of an interest of Iran or an Iranian entity.

(a) Whenever a transaction licensed or authorized by or pursuant to this part results in the transfer of property (including any property interest) away from Iran or an Iranian entity, such property shall no longer be deemed to be property in which Iran or an Iranian entity has or has had an interest, unless there exists in the property another such interest the transfer of which has not been effected pursuant to license or other authorization.

(b) Unless otherwise specifically provided in a license or authorization contained in or issued pursuant to this part, if property (including any property interest) is transferred to Iran or an Iranian interest, such property shall be deemed to be property in which there exists an interest of Iran or an Iranian entity.

[45 FR 24433, Apr. 9, 1980]

§ 535.413 Transfers between dollar accounts held for foreign banks.

Transfers authorized by § 535.901 include transfers by order of a non-Iranian foreign bank from its account in a domestic bank (directly or through a foreign branch or subsidiary of a domestic bank) to an account held by a domestic bank (directly or through a foreign branch or subsidiary) for a second non-Iranian foreign bank which in turn credits an account held by it abroad for Iran. For the purposes of this section, a non-Iranian foreign bank means a bank which is not a person subject to the jurisdiction of the United States.

[44 FR 66833, Nov. 21, 1979]

§ 535.414 Payments to blocked accounts under § 535.508.

(a) Section 535.508 does not authorize any transfer from a blocked account within the United States to an account held by any bank outside the United States or any other payment into a blocked account outside the United States.

(b) Section 535.508 only authorizes payment into a blocked account held by a domestic bank as defined by § 535.320.

[44 FR 67617, Nov. 26, 1979]

§ 535.415 Payment by Iranian entities of obligations to persons within the United States.

A person receiving payment under § 535.904 may distribute all or part of that payment to anyone: *Provided*, That any such payment to Iran or an Iranian entity must be to a blocked account in a domestic bank.

[44 FR 67617, Nov. 26, 1979]

§ 535.416 Letters of credit.

(a) *Q*. Prior to the effective date, a bank subject to the jurisdiction of the United States has issued or confirmed a documentary letter of credit for a non-Iranian account party in favor of an Iranian entity. Can payment be made upon presentation of documentary drafts?

A. Yes, provided payment is made into a blocked account in a domestic bank.

(b) *Q*. Prior to the effective date, a domestic branch of a bank organized or incorporated under the laws of the United States has issued or confirmed a documentary letter of credit for a non-Iranian account party in favor of an Iranian entity. Payment is to be made through a foreign branch of the bank. Can payment be made upon presentation of documentary drafts?

A. Yes, provided payment is made into a blocked account in a domestic bank.

(c) *Q*. Prior to the effective date, a foreign bank confirms a documentary letter of credit issued by its U.S. agency or branch for a non-Iranian account party in favor of an Iranian entity. Can the U.S. agency or branch of the foreign bank transfer funds to the foreign bank in connection with that foreign bank's payment under the letter of credit?

A. No, the U.S. agency's payment is blocked, unless the foreign bank made payment to the Iranian entity prior to the effective date.

(d) *Q*. Prior to the effective date, a bank subject to the jurisdiction of the United States has issued or confirmed a documentary letter of credit for a non-Iranian account party in favor of an Iranian entity. The Iranian entity presents documentry drafts which are deficient in some detail. May the non-Iranian account party waive the documentary deficiency and authorize the bank to make payment?

A. Yes, provided payment is made into a blocked account in a domestic bank. However, the non-Iranian account party is not obligated by these Regulations to exercise a waiver of documentary deficiencies. In cases where such a waiver is not exercised, the bank's payment obligation, if any, under the letter of credit remains blocked, as does any obligation, contingent or otherwise, of the account party. The documents are also blocked.

(e) *Q*. Prior to the effective date, a bank subject to the jurisdiction of the United States has issued or confirmed a documentary letter of credit for a non-Iranian account party in favor of an Iranian entity. The Iranian entity does not make timely, complete, or proper presentation of documents, and the letter of credit expires. Does there remain a blocked payment obligation held by the bank?

A. No, but any documents held by the bank continue to be blocked. It is also possible that the account party still has a related obligation to the Iranian entity and any such obligation would be blocked.

(f) *Q*. A bank subject to the jurisdiction of the United States has issued a letter of credit for a U.S. account party in favor of an Iranian entity. The letter of credit is confirmed by a foreign bank. Prior to or after the effective date, the Iranian entity presents documents to the U.S. issuing bank. Payment is deferred. After the effective date, the Iranian entity requests that the issuing bank either return the documents to the Iranian entity or transfer them to the confirming bank. Can the issuing bank do so?

A. No. The U.S. issuing bank can neither return nor transfer the documents without a license. The documents constitute blocked property under the Regulations.

(g) *Q.* Prior to the effective date, a bank subject to the jurisdiction of the United States has issued or confirmed a documentary letter of credit for a non-Iranian account party in favor of an Iranian entity. The Iranian entity presents documentary drafts which are deficient in some detail. May the non-Iranian account party waive the documentary deficiency and make payment?

A. Yes, provided payment is made into a blocked account in a domestic bank. However, the non-Iranian account party is not obligated by these Regulations to exercise a waiver of documentary deficiencies. In cases where such a waiver is not exercised, the amount of the payment held by the account party is blocked.

[44 FR 69287, Dec. 3, 1979, as amended at 44 FR 75353, Dec. 19, 1979]

§ 535.420 Transfers of accounts under § 535.508 from demand to interest-bearing status.

Section 535.508 authorizes transfer of a blocked demand deposit account to interest-bearing status at the instruction of the Iranian depositor at any time.

[44 FR 76784, Dec. 28, 1979]

§ 535.421 Prior contractual commitments not a basis for licensing.

Specific licenses are not issued on the basis that an unlicensed firm commitment or payment has been made in connection with a transaction prohibited by this part. Contractual commitments to engage in transactions subject to the prohibitions of this part should not be made, unless the contract specifically states that the transaction is authorized by general license or that it is subject to the issuance of a specific license.

[45 FR 24433, Apr. 9, 1980]

§ 535.433 Central Bank of Iran.

The Central Bank of Iran (Bank Markazi Iran) is an agency, instrumentality and controlled entity of the Government of Iran for all purposes under this part.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14336, Feb. 26, 1981]

§ 535.437 Effect on other authorities.

Nothing in this part in any way relieves any persons subject to the jurisdiction of the United States from securing licenses or other authorizations as required from the Secretary of State, the Secretary of Commerce or other relevant agency prior to executing the transactions authorized or directed by this part. This includes licenses for transactions involving military equipment.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706, E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14336, Feb. 26, 1981]

§ 535.438 Standby letters of credit, performance or payment bonds and similar obligations.

(a) Nothing contained in §§ 535.212, 535.213 and 535.214 or in any other provision or revocation or amendment of any provision in this part affects the prohibition in § 535.201 and the licensing procedure in § 535.568 relating to certain standby letters of credit, performance bonds and similar obligations. The term "funds and securities" as used in this part does not include substitute blocked accounts established under section 535.568 relating to standby letters of credit, performance or payment bonds and similar obligations.

(b) No transfer requirement under § 535.213 or § 535.214 shall be deemed to authorize or compel any payment or transfer of any obligation under a standby letter of credit, performance bond or similar obligation as to which a blocked account has been established pursuant to § 535.568 or as to which payment is prohibited under an injunction obtained by the account party.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14336, Feb. 26, 1981, as amended at 46 FR 30341, June 8, 1981]

§ 535.440 Commercially reasonable interest rates.

(a) For purposes of §§ 535.212 and 535.213, what is meant by "commercially reasonable rates" depends on the particular circumstances. In the case of time or savings deposits, the "commercially reasonable rate" is that rate provided for by the deposit agreement or applicable law. With respect to other obligations where the rate remains to be determined, it is presently expected that the "commercially reasonable rate" will be the rate agreed upon by the bank and Iran. However, where a deposit has in fact operated as a demand account under Treasury license, it would be appropriate to treat the deposit for purposes of §§ 535.212 and 535.213 as a non-interest bearing account. Furthermore, in the event that the Iran-U.S Claims Tribunal (the "Tribunal") determines that interest additional to that agreed upon between the bank and Iran, or compensation or damages in lieu of interest, is due Iran, then that amount determined by the Tribunal to be owing to Iran shall be transferred as, or as part of, the interest at "commercially reasonable rates" required to be transferred pursuant to §§ 535.212 and 535.213, regardless of any settlement between the bank and Iran or any release or discharge that Iran may have given the bank.

(b) The contingent interest of Iran in any liability for further or additional interest, or compensation or damages in lieu of interest, that may be claimed in, and determined by the Tribunal, constitutes an interest of Iran in property for purposes of this part, and no agreement between Iran and any person subject to the jurisdiction of the United States is effective to extinguish such Iranian interest in property unless so specifically licensed by the Treasury Department.

(c) For deposits held as time deposits, no penalty shall be imposed for early withdrawal. (In this connection, the Board of Governors of the Federal Reserve System has determined that application of the penalty for early withdrawal of time deposits transferred before maturity, pursuant to § 535.213 is not required.)

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26605; E.O 12276, 46 FR 7913; E.O. 12277, 46 FR 7915; E.O. 12278, 46 FR 7917; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; and E.O. 12294, 46 FR 14111)

[48 FR 253, Jan. 4, 1983]

Subpart E—Licenses, Authorizations and Statements of Licensing Policy

§ 535.502 Effect of license or authorization.

(a) No license or other authorization contained in this part or otherwise issued by or under the direction of the Secretary of the Treasury pursuant to section 203 of the International Emergency Economic Powers Act, shall be deemed to authorize or validate any transaction effected prior to the issuance thereof, unless such license or other authorization specifically so provides.

(b) No regulation, ruling, instruction, or license authorizes a transaction prohibited under this part unless the regulation, ruling, instruction, or license is issued by the Treasury Department and specifically refers to this part. No regulation, ruling, instruction or license referring to this part shall be deemed to authorize any transaction prohibited by any provision of Parts 500, 505, 515, 520 or 530 of this chapter unless the regulation, ruling, instruction or license specifically refers to such provision.

(c) Any regulation, ruling, instruction or license authorizing a transaction otherwise prohibited under this part has the effect of removing a prohibition or prohibitions in Subpart B from the transaction, but only to the extent specifically stated by its terms. Unless the regulation, ruling, instruction or license otherwise specifies, such an authorization does not create any right, duty, obligation, claim, or interest in, or with respect to, any property which would not otherwise exist under ordinary principles of law.

[44 FR 66833, Nov. 21, 1979, as amended at 44 FR 75353, Dec. 19, 1979]

§ 535.503 Exclusion from licenses and authorizations.

The Secretary of the Treasury reserves the right to exclude any person from the operation of any license or from the privileges therein conferred or to restrict the applicability thereof with respect to particular persons, transactions or property or classes thereof. Such action shall be binding upon all persons receiving actual notice or constructive notice thereof.

[44 FR 66833, Nov. 21, 1979]

§ 535.504 Certain judicial proceedings with respect to property of Iran or Iranian entities.

(a) Subject to the limitations of paragraphs (b) and (c) of this section and § 535.222, judicial proceedings are authorized with respect to property in which on or after 8:10 a.m., e.s.t., November 14, 1979, there has existed an interest of Iran or an Iranian entity.

(b) This section does not authorize:

(1) Any pre-judgment attachment or any other proceeding of similar or analogous effect pertaining to any property (and any income earned thereon) subject to the provisions of §§ 535.211, 535.212, 535.213, 535.214 or 535.215 on January 19, 1981, including, but not limited to, a temporary restraining order or preliminary injunction, which operates as a restraint on property, for purposes of holding it within the jurisdiction of a court, or otherwise;

(2) Any payment or delivery out of a blocked account based upon a judicial proceeding, pertaining to any property subject to the provisions of §§ 535.211, 535.212, 535.213, 535.214 or 535.215 on January 19, 1981;

(3)(i) Any final judicial judgment or order (A) permanently enjoining, (B) terminating or nullifying, or (C) otherwise permanently disposing of any interest of Iran in any standby letter of credit, performance bond or similar obligation. Any license authorizing such action is hereby revoked and withdrawn. This revocation and withdrawal of prior licenses prohibits judgments or orders that are within the terms of this subparagraph (3)(i), including any such judgments or orders which may have been previously entered but which had not become final by July 2, 1982, through the conclusion of appellate proceedings or the expiration of the time for appeal.

(ii) Nothing in this paragraph (b)(3) shall prohibit the assertion of any defense, set-off or counterclaim in any pending or subsequent judicial proceeding commenced by the Government of Iran, any political subdivision of Iran, or any agency, instrumentality or entity owned or controlled by the Government of Iran or any political subdivision thereof.

(iii) Nothing in this paragraph (b)(3) shall preclude the commencement of an action for the purpose of tolling the period of limitations for commencement of such action.

(iv) Nothing in this paragraph (b)(3) shall require dismissal of any action for want of prosecution.

(c) For purposes of this section, contested and contingent liabilities and property interests of the Government of Iran, its agencies, instrumentalities, or controlled entities, including debts, shall be deemed to be subject to § 535.215.

(d) A judicial proceeding is not authorized by this section if it is based on transactions which violated the prohibitions of this part.

(e) Judicial proceedings to obtain attachments on standby letters of credit, performance bonds or similar obligations and on substitute blocked accounts established under § 535.568 relating to standby letters of credit, performance bonds and similar obligations are not authorized or licensed.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919, E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14336, Feb. 26, 1981, as amended at 46 FR 26477, May 13, 1981; 47 FR 29529, July 7, 1982; 47 FR 55482, Dec. 10, 1982; 48 FR 57129, Dec. 28, 1983]

§ 535.508 Payments to blocked accounts in domestic banks.

(a) Any payment or transfer of credit, including any payment or transfer by any U.S.-owned or controlled foreign firm or branch to a blocked account in a domestic bank in the name of Iran or any Iranian entity is hereby authorized: *Provided*, Such payment or transfer shall not be made from any blocked account if such payment or transfer represents, directly or indirectly, a transfer of the interest of Iran or an Iranian entity to any other country or person.

(b) This section does not authorize:

(1) Any payment or transfer to any blocked account held in a name other than that of Iran or the Iranian entity who is the ultimate beneficiary of such payment or transfer; or

(2) Any foreign exchange transaction including, but not by way of limitation, any transfer of credit, or payment of an obligation, expressed in terms of the currency of any foreign country.

(c) This section does not authorize any payment or transfer of credit comprising an integral part of a transaction which cannot be effected without the subsequent issuance of a further license.

(d) This section does not authorize the crediting of the proceeds of the sale of securities held in a blocked account or a sub-account thereof, or the income derived from such securities to a blocked account or sub-account under any name or designation which differs from the name or designation of the specific blocked account or sub-account in which such securities were held.

(e) This section does not authorize any payment or transfer from a blocked account in a domestic bank to a blocked account held under any name or designation which differs from the name or designation of the specified blocked account or sub-account from which the payment or transfer is made.

(f) The authorization in paragraph (a) of this section is subject to the condition that a notification from the domestic bank receiving an authorized payment or transfer is furnished by the transferor to the Office of Foreign Assets Control confirming that the payment or transfer has been deposited in a blocked account under the regulations in this part and providing the name and address of Iran or the Iranian entity in whose name the account is held.

[44 FR 66590, Nov. 20, 1979]

§ 535.528 Certain transactions with respect to Iranian patents, trademarks and copyrights authorized.

(a) The following transactions by any person subject to the jurisdiction of the United States are authorized:

(1) The filing and prosecution of any application for an Iranian patent, trademark or copyright, or for the renewal thereof;

(2) The receipt of any Iranian patent, trademark or copyright;

(3) The filing and prosecution of opposition or infringement proceedings with respect to any Iranian patent, trademark, or copyright, and the prosecution of a defense to any such proceedings;

(4) The payment of fees currently due to the government of Iran, either directly or through an attorney or representative, in connection with any of the transactions authorized by paragraphs (a)(1), (2), and (3) of this section or for the maintenance of any Iranian patent, trademark or copyright; and

(5) The payment of reasonable and customary fees currently due to attorneys or representatives in Iran incurred in connection with any of the transactions authorized by paragraphs (a)(1), (2), (3) or (4) of this section.

(b) Payments effected pursuant to the terms of paragraphs (a)(4) and (5) of this section may not be made from any blocked account.

(c) As used in this section the term "Iranian patent, trademark, or copyright" shall mean any patent, petty patent, design patent, trademark or copyright issued by Iran.

[45 FR 29288, May 2, 1980]

§ 535.531 Payment of certain checks and drafts.

(a) A bank subject to the jurisdiction of the United States is hereby authorized to make payments from blocked accounts with such banking institution of checks and drafts drawn or issued prior to the effective date, *Provided*, That:

(1) The amount involved in any one payment, acceptance, or debit does not exceed $3000; or

(2) The check or draft was within the United States in process of collection by a domestic bank on or prior to the effective date and does not exceed $50,000.

(3) The authorization contained in this paragraph shall expire at the close of business on January 14, 1980.

(b) A bank subject to the jurisdiction of the United States as its own obligation may make payment to a person subject to the jurisdiction of the United States who is the beneficiary of any letter of credit issued or confirmed by it, or on a draft accepted by it, prior to the effective date, where the letter of credit was issued or confirmed on behalf of Iran or an Iranian entity, *Provided*, That:

(1) Notwithstanding the provisions of § 535.902, no blocked account may at any time be debited in connection with such a payment.

(2) Such a payment shall give the bank making payment no special priority or other right to blocked accounts it holds in the event that such blocked accounts are vested or otherwise lawfully used in connection with a settlement of claims.

(3) Nothing in this paragraph prevents payment being made to the beneficiary of any draft or letter of credit or to any banking institution pursuant to § 535.904.

(c) The office will consider on a case-by-case basis, without any commitment on its part to authorize any transaction or class of transactions, applications for specific licenses to make payments from blocked accounts of documentary drafts drawn under irrevocable letters of credit issued or confirmed by a domestic bank prior to the effective date, in favor of any person subject to the jurisdiction of the United States. Any bank or payee submitting such an application should include data on all such letters of credit in which it is involved. Applications should be submitted not later than January 10, 1980.

(d) Paragraphs (a) and (b) of this section do not authorize any payment to Iran or an Iranian entity except payments into a blocked account in a domestic bank unless Iran or the Iranian entity is otherwise licensed to receive such payment.

[44 FR 75352, Dec. 19, 1979]

§ 535.532 Completion of certain securities transactions.

(a) Banking institutions within the United States are hereby authorized to complete, on or before November 21, 1979, purchases and sales made prior to the effective date of securities purchased or sold for the account of Iran or an Iranian entity provided the following terms and conditions are complied with, respectively.

(1) The proceeds of such sale are credited to a blocked account in a banking institution in the name of the person for whose account the sale was made; and

(2) The securities so purchased are held in a blocked account in a banking institution in the name of the person for whose account the purchase was made.

(b) This section does not authorize the crediting of the proceeds of the sale of securities held in a blocked account or a sub-account thereof, to a blocked account or sub-account under any name or designation which differs from the name or designation of the specific blocked account or sub-account in which such securities were held.

§ 535.540 Disposition of certain tangible property.

(a) Specific licenses may be issued in appropriate cases at the discretion of the Secretary of the Treasury for the public sale and transfer of certain tangible property that is encumbered or contested within the meaning of § 535.333 (b) and (c) and that, because it is blocked by § 535.201, may not be sold or transferred without a specific license, provided that each of the following conditions is met:

(1) The holder or supplier of the property has made a good faith effort over a reasonable period of time to obtain payment of any amounts owed by Iran or the Iranian entity, or adequate assurance of such payment;

(2) Neither payment nor adequate assurance of payment has been received;

(3) The license applicant has, under provisions of law applicable prior to November 14, 1979, a right to sell, or reclaim and sell, such property by methods not requiring judicial proceedings, and would be able to exercise such right under applicable law, but for the prohibitions in this part, and

(4) The license applicant shall enter into an indemnification agreement acceptable to the United States providing for the applicant to indemnify the United States, in an amount up to 150 percent of the proceeds of sale, for any monetary loss which may accrue to the United States from a decision by the Iran-U.S. Claims Tribunal that the United States is liable to Iran for damages that are in any way attributable to the issuance of such license. In the event the applicant and those acting for or on its behalf are the only bidders on the property, the United States shall have the right to establish a reasonable indemnification amount.

(b) An applicant for a license under this section shall provide the Office of Foreign Assets Control with documentation on the points enumerated in paragraph (a) of this section. The applicant normally will be required to submit an opinion of legal counsel regarding the legal right claimed under paragraph (a)(3) of this section.

(c) Any sale of property licensed under this section shall be at public auction and shall be made in good faith in a commercially reasonable manner. Notwithstanding any provision of State law, the license applicant shall give detailed notice to the appropriate Iranian entity of the proposed sale or transfer at least 30 days prior to the sale or other transfer. In addition, if the license applicant has filed a claim with the Iran-U.S. Claims Tribunal, the license applicant shall give at least 30 days' advance notice of the sale to the Tribunal.

(d) The disposition of the proceeds of any sale licensed under this section, minus such reasonable costs of sale as are authorized by applicable law (which will be licensed to be deducted), shall be in accordance with either of the following methods:

(1) Deposit into a separate blocked, interest-bearing account at a domestic bank in the name of the licensed applicant; or

(2) Any reasonable disposition in accordance with provisions of law applicable prior to November 14, 1979, which may include unrestricted use of all or a portion of the proceeds, provided that the applicant shall post a bond or establish a standby letter of credit, subject to the prior approval of the Secretary of the Treasury, in favor of the United States in the amount of the proceeds of sale, prior to any such disposition.

(e) For purposes of this section, the term "proceeds" means any gross amount of money or other value realized from the sale. The proceeds shall include any amount equal to any debt owed by Iran which may have constituted all or part of a successful bid at the licensed sale.

(f) The proceeds of any such sale shall be deemed to be property governed by § 535.215 of this part. Any part of the proceeds that constitutes Iranian property which under § 535.215 is to be transferred to Iran shall be so transferred in accordance with that section.

(g) Any license pursuant to this section may be granted subject to conditions deemed appropriate by the Secretary of the Treasury.

(h) Any person licensed pursuant to this section is required to submit a report to the Chief of Licensing, Office of Foreign Assets Control, within ten business days of the licensed sale or other transfer, providing a full accounting of the transaction, including the costs, any payment to lienholders or others, including payments to Iran or Iranian entities, and documentation concerning any blocked account established or payments made.

(Sec. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26605; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; and E.O. 12294, 46 FR 14111)

[47 FR 31683, July 22, 1982]

§ 535.566 Unblocking of foreign currency deposits held by U.S.-owned or controlled foreign firms.

Deposits held abroad in currencies other than U.S. dollars by branches and subsidiaries of persons subject to the jurisdiction of the United States are unblocked, provided however that conversions of blocked dollar deposits into foreign currencies are not authorized.

[44 FR 66833, Nov. 21, 1979]

§ 535.567 Payment under advised letters of credit.

(a) Specific licenses may be issued for presentation, acceptance, or payment of documentary drafts under a letter of credit opened by an Iranian entity and advised by a domestic bank or an Iranian bank subject to the jurisdiction of the United States, *provided*, That:

(1) The letter of credit was advised prior to the effective date;

(2) The property which is the subject of the payment under the letter of credit was not in the possession or control of the exporter on or after the effective date;

(3) The Beneficiary is a person subject to the jurisdiction of the United States.

(b) As a general matter, licenses will not be issued if the amount to be paid to a single payee exceeds $500,000, or if hardship cannot be shown.

[44 FR 75354, Dec. 19, 1979]

§ 535.568 Certain standby letters of credit and performance bonds.

(a) Notwithstanding any other provision of law, payment into a blocked account in a domestic bank by an issuing or confirming bank under a standby letter of credit in favor of an Iranian entity is prohibited by § 535.201 and not authorized, notwithstanding the provisions of § 535.508, if either:

(1) A specific license has been issued pursuant to the provisions of paragraph (b) of this section, or

(2) Eight business days have not expired after notice to the account party pursuant to paragraph (b) of this section.

(b) Whenever an issuing or confirming bank shall receive such demand for payment under a standby letter of credit, it shall promptly notify the person for whose account the credit was opened. Such person may then apply within five business days for a specific license authorizing the account party to establish a blocked account on its books in the name of the Iranian entity in the amount payable under the credit, in lieu of payment by the issuing or confirming bank into a blocked account and reimbursement therefor by the account party.

(c) Where there is outstanding a demand for payment under a standby letter of credit, and the issuing or confirming bank has been enjoined from making payment, upon removal of the injunction, the person for whose account the credit was opened may apply for a specific license for the same purpose and in the same manner as that set forth in paragraph (b) of this section. The issuing or confirming bank shall not make payment under the standby letter of credit unless:

(1) Eight business days have expired since the bank has received notice of the removal of the injunction and;

(2) A specific license issued to the account party pursuant to the provisions of this paragraph has not been presented to the bank.

(d) If necessary to assure the availability of the funds blocked, the Secretary may at any time require the payment of the amounts due under any letter of credit described in paragraph (a) of this section into a blocked account in a domestic bank or the supplying of any form of security deemed necessary.

(e) Nothing in this section precludes any person for whose account a standby letter of credit was opened or any other person from at any time contesting the legality of the demand from the Iranian entity or from raising any other legal defense to payment under the standby letter of credit.

(f) This section does not affect the obligation of the various parties of the instruments covered by this section if the instruments and payment thereunder are subsequently unblocked.

(g) For the purposes of this section, the term "standby letter of credit" shall mean a letter of credit securing performance of, or repayment of, any advance payments of deposits, under a contract with Iran or an Iranian entity, or any similar obligation in the nature of a performance bond.

(h) The regulations do not authorize any person subject to the jurisdiction of the United States to reimburse a non-U.S. bank for payment to Iran or an Iranian entity under a standby letter of credit, except by payment into a blocked account in accordance with § 535.508 or paragraph (b) or (c) of this section.

(i) A person receiving a specific license under paragraph (b) or (c) of this section shall certify to the Office of Foreign Assets Control within five business days after receipt of that license that it has established the blocked account on its books as provided for in those paragraphs. However, in appropriate cases, this time may be extended upon application to the Office of Foreign Assets Control when the account party has filed a petition with an appropriate court seeking a judicial order barring payment by the issuing or confirming bank.

(j) The extension or renewal of a standby letter of credit is authorized.

[47 FR 12339, Mar. 23, 1982]

§ 535.569 Licensed letter of credit transactions; forwarding of documents.

When payment of a letter of credit issued, advised or confirmed by a bank subject to the jurisdiction of the United States is authorized by either general or specific license, the forwarding of the letter of credit documents to the account party is authorized.

[45 FR 1877, Jan. 9, 1980]

§ 535.576 Payment of non-dollar letters of credit to Iran.

Notwithstanding the prohibitions of §§ 535.201 and 535.206(a)(4), payment of existing non-dollar letters of credit in favor of Iranian entities or any person in Iran by any foreign branch or subsidiary of a U.S. firm is authorized, provided that the credit was opened prior to the respective effective date.

[45 FR 29288, May 2, 1980]

§ 535.579 Authorization of new transactions concerning certain Iranian property.

(a) Transactions involving property in which Iran or an Iranian entity has an interest are authorized where:

(1) The property comes within the jurisdiction of the United States or into the control or possession of any person subject to the jurisdiction of the United States after January 19, 1981, or

(2) The interest in the property of Iran or an Iranian entity (e.g. exports consigned to Iran or an Iranian entity) arises after January 19, 1981.

(b) Transactions involving standby letters of credit, performance or payment bonds and similar obligations, entered into prior to January 20, 1981, described in § 535.568 remain subject to the prohibitions and procedures contained in §§ 535.201 and 535.568.

(c) Property not blocked under § 535.201 as of January 19, 1981, in which the Government of Iran or an Iranian entity has an interest, which after that date is or becomes subject to the jurisdiction of the United States or comes within the control or possession of a person subject to the jurisdiction of the United States for the express purpose of settling claims against Iran or Iranian entities, is excluded from any authorization in this part for any attachment, injunction or other order of similar or analogous effect and any such attachment, injunction or order is prohibited by §§ 535.201 and 535.203.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14336, Feb. 26, 1981]

§ 535.580 Necessary living expenses of relatives of the former Shah of Iran.

The transfer, payment or withdrawal of property described in § 535.217 is authorized to the extent necessary to pay living expenses of any individual listed in that section. Living expenses for this purpose shall include food, housing, transportation, security and other personal expenses.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12211, 45 FR 26685; E.O. 12284, 46 FR 7929)

[46 FR 14330, Feb. 26, 1981]

Subpart F—Reports

§ 535.601 Records.

Every person engaging in any transaction subject to the provisions of this part shall keep a full and accurate record of each such transaction engaged in by him, regardless of whether such transaction is effected pursuant to license or otherwise, and such record shall be available for examination for at least two years after the date of such transaction.

[44 FR 75354, Dec. 19, 1979]

§ 535.602 Reports to be furnished on demand.

Every person is required to furnish under oath, in the form of reports or otherwise, from time to time and at any time as may be required by the Secretary of the Treasury or any person acting under his direction or authorization complete information relative to any transaction subject to the provisions of this part or relative to any property in which any foreign country or any national thereof has any interest of any nature whatsoever, direct or indirect. The Secretary of the Treasury or any person acting under his direction may require that such reports include the production of any books of account, contracts, letters or other papers, connected with any such transaction or property, in the custody or control of the persons required to make such reports. Reports with respect to transactions may be required either before or after such transactions are completed. The Secretary of the Treasury may, through any person or agency, investigate any such transaction or property or any violation of the provisions of this part regardless of whether any report has been required or filed in connection therewith.

[44 FR 75354, Dec. 19, 1979]

§ 535.615 Reports on Form TFR-615.

(a) *Requirement for report.* Reports on Form TFR-615 are hereby required to be filed on or before May 15, 1980, in the manner prescribed herein, with respect to all property subject to the jurisdiction of the United States or in the possession or control of any person subject to the jurisdiction of the United States at any time between the effective date and March 31, 1980, in which Iran or an Iranian entity has or has had any interest.

(1) *Who must report.* Reports on Form TFR-615 must be filed by each of the following:

(i) Any person subject to the jurisdiction of the United States or his successor, who on the effective date or any subsequent date up to and including March 31, 1980, had in his custody, possession or control, directly or indirectly, in trust or otherwise, property in which there was any direct or indirect interest of Iran or any Iranian entity, whether or not the property continued to be held by that person on March 31, 1980; and

(ii) Any business or non-business entity in the United States in which Iran or an Iranian entity held any financial interest on the effective date or on any subsequent date.

(2) *Property not required to be reported.* A report on Form TFR-615 is not required with respect to:

(i) Property of a private Iranian national; and

(ii) Patents, copyrights, trademarks and inventions; *Provided, however,* That a report is required with respect to any royalties due and unpaid in connection with such property.

(b) *Filing Form TFR-615.* Reports on Form TFR-615 shall be prepared in triplicate. On or before May 15, 1980, two copies shall be sent in a set to Unit 615, Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220. The third copy must be retained with the reporter's records.

(c) *Certification.* Every report on Form TFR-615 shall contain the certification required in Part F of the Form. Failure to complete the certification shall render the report ineffective, and the submission of such a report shall not constitute compliance with this section.

(d) *Confidentiality of reports.* Reports on Form TFR-615 are regarded as privileged and confidential.

[45 FR 24408, Apr. 9, 1980]

§ 535.616 Reports on Form TFR-616.

(a) *Requirement for reports.* Reports on Form TFR-616 are hereby required to be filed on or before May 15, 1980, in the manner prescribed herein, with respect to claims for losses due to expropriation, nationalization, or other taking of property or businesses in Iran, including any special measures such as Iranian exchange controls directed against such property or businesses; claims for debt defaults, for damages for breach of contract or similar damages; and personal claims for salaries or for injury to person or property.

(b) *Who must report.* Reports on Form TFR-616 must be filed by every person subject to the jurisdiction of the United States which had a claim against Iran or an Iranian entity which arose before April 15, 1980. No report is to be submitted by a U.S. branch of a foreign firm not owned or controlled by a person subject to the jurisdiction of the United States or by a nonresident alien.

(c) *Filing Form TFR-616.* Reports on Form TFR-616 shall be prepared in triplicate. On or before May 15, 1980, two copies shall be sent in a set to Unit 616, Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220. The third copy must be retained with the reporter's record.

(d) *Certification.* Every report on Form TFR-616 shall contain the certification required on Part E of the Form. Failure to complete the certification shall render the report ineffective, and the submission of such a report shall not constitute compliance with this section.

(e) *Confidentiality of reports.* Reports on Form TFR-616 are regarded as privileged and confidential.

[45 FR 24408, Apr. 9, 1980]

§ 535.618 Report of contested property.

(a) *Requirement for reports.* Reports are required to be filed within 15 days of receipt of a direction from Iran to transfer any interests in property claimed or believed to be an interest of Iran which was blocked by the Iranian Assets Control Regulations if the party receiving the direction to transfer has not transferred such claimed interest in property.

(b) *Who must report.* Reports must be filed by every person subject to the jurisdiction of the United States who does not transfer any interest or claimed interest in property described in paragraph (a) of this section within 15 days of a direction from Iran to transfer it.

(c) *Contents of report.* Each report shall contain the following information.

(1) Name and address of entity making the report.

(2) Name of person and entity directing the transfer.

(3) Date of the direction and date of its receipt.

(4) Description of the interest or claimed interest in property directed to be transferred.

(5) Statement or estimate of value of the interest or claimed interest in property.

(6) Explanation why property was not transferred as directed.

(7) Statement of any planned actions with respect to the interest or claimed interest in the property described.

(d) *Filing.* Reports shall be prepared in triplicate. Two copies shall be sent in a set to Unit 617, Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220. The third copy must be retained with the reporter's records.

(e) *Confidentiality of reports.* Reports under this section are regarded as privileged and confidential.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O.

12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14337, Feb. 26, 1981]

§ 535.619 Reports on Form TFR-619.

(a) *Reporting requirements.* Within 30 days after publication in the FEDERAL REGISTER of the name of any person or estate in § 535.217(b), the following persons who are subject to the jurisdiction of the United States shall file reports on Form TFR-619 with respect to their knowledge of the property of such person or estate at any time between November 3, 1979 and the date designated after the name of any person in § 535.217(b):

(1) Any person whose name is published for inclusion in § 535.217(b);

(2) Any person who has or had, from November 3, 1979 to the date of designation of the relevant person in § 535.217(b), actual or constructive possession or control, directly or indirectly, in trust or otherwise, of property in which there was any direct or indirect interest of any person listed in § 535.217(b) of the Regulations;

(3) Any business or non-business entity in the United States in which any person listed in § 535.217(b) of the Regulations held any financial interest at any time between November 3, 1979 and the date of designation of the relevant person in § 535.217(b);

(4) Any person having knowledge of property or assets of a person listed in § 535.217(b) of the Regulations, by reason of a business relationship with such property;

(5) Any person having actual knowledge of property of a person named in § 535.217(b) because of a personal relationship with the named person; and

(6) Any agency of the United States Government which has in any of its official financial books and records any information which serves to identify any property or assets of a person listed in § 535.217(b) of the Regulations.

(b) *What must be reported.* Form TFR-619 reports shall include the information specified in the form with respect to any interest of any nature whatsoever that a person named in § 535.217(b) had in any property subject to the jurisdiction of the United States between November 3, 1979, and the date of any designation of the relevant person in § 535.217(b). The term "property" is defined in § 535.311 of this part.

(c) *Filing Form TFR-619.* Reports on Forms TFR-619 shall be prepared in triplicate, two copies of which shall be sent in a set to Unit 619, Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220. The third copy is to be retained for the reporter's records.

(d) *Certification.* Every reporter is required to complete the certification portion of Form TFR-619. Failure to complete the certification shall render the report ineffective and the submission shall not constitute compliance with this section.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12211, 45 FR 26685; E.O. 12284, 46 FR 7929)

[46 FR 26478, May 13, 1981]

§ 535.620 Report on transfer of domestic bank assets and financial assets held by nonbanking institutions.

(a) *Requirement for reports.* A report shall be filed by June 26, 1981 on Form TFR-620 by any bank or nonbanking institution regarding any transfer to the Federal Reserve Bank of New York that is required by § 535.213 or § 535.214. Any reporter that transfers property to the Federal Reserve Bank of New York by June 19, pursuant to § 535.213 or § 535.214, shall describe the property so transferred. Property (including interest through July 8, 1981, not transferred but required by § 535.213 or § 535.214 to be transferred shall be separately described.

(b) *Contents of report.* Each report shall contain the following information:

(1) Name and address of the transferor (indicate whether bank or nonbanking institution).

(2) Name and telephone number of person to be contacted about the transfer.

(3) Description of the property transferred or required to be transferred with a list of accounts, including branch, account party, account

number, and account amount, with breakdown between principal and interest (as of date transferred or as of July 8 if not yet transferred).

(4) Total value (market value in the case of securities) of each transfer.

(5) Date and time of transfer (if applicable).

(6) A statement as to how interest was calculated, including rate(s) of interst and period(s) for which the rate(s) was applied.

(c) *Filing.* Reports shall be prepared in triplicate. Two copies shall be sent in a set to Unit 620, Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220. The third copy shall be retained for the reporter's records.

(d) *Confidentiality of reports.* Reports under this section are regarded as privileged and confidential but may be disclosed to Iran.

(e) *Updating of reports.* The Form TFR-620 report shall be updated within five business days of the transfer date to be determined by the Treasury Department by any reporter that does not transfer to the Federal Reserve Bank of New York, on or before that date, the property described in the reporter's TFR-620 report. The required updating shall include a full explanation as to why the property actually transferred was not the same as the property described in the reporter's TFR-620 report.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921, E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 31630, June 16, 1981]

§ 535.621 Registration of bank claims against the escrow account at the Bank of England.

(a) *Registration requirements.* Any U.S. banking institution that has, and intends to assert, a claim against the account established by the deposit of $1.418 billion in escrow ("the Escrow Account," also known as "Dollar Account No. 2") at the Bank of England pursuant to Paragraph 2(B) of the Undertakings of the Government of the United States of America and the Government of the Islamic Republic of Iran with Respect to the Declaration of the Government of the Democratic and Popular Republic of Algeria, is required to register with the Office of Foreign Assets Control, in writing, on or before December 16, 1981.

(b) *Contents of registration notice.* The required registration shall refer to this section of the Regulations and contain the following:

(1) Name and address of the banking institution; and

(2) Name, title, and telephone number of person who may be contacted about this registration.

(c) *Filing.* One copy of this registration notice, which shall be in the form of a letter or a telex (Telex No. 710-822-9201), should be sent to Unit 621, Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220. Telexed notices should also include the telephone number (376-0968) of the Census Unit. A copy of the notice should be retained for the submitter's records.

(d) *Failure to register.* Any banking institution which does not submit a registration notice pursuant to this section shall be precluded from asserting any claim against the Escrow Account.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921, E.O. 12281, 46 FR 7923; E.O. 12282 46 FR 7925; and E.O. 12294, 46 FR 14111)

[46 FR 59939, Dec. 7, 1981]

§ 535.625 Reports on Form TFR-625.

(a) *Requirement for report.* Reports on Form TFR-625 are hereby required to be filed on or before July 1, 1982, in the manner prescribed herein, with respect to all tangible property subject to the jurisdiction of the United States or in the possession or control of any person subject to the jurisdiction of the United States at any time between November 14, 1979, and January 19, 1981, in which Iran or an Iranian entity has or has had any interest or asserted interest.

(b) *Who must report.* Reports on Form TFR-625 must be filed by any person, or the successor to such person, subject to the jurisdiction of the United States who has an interest in, or who, between November 14, 1979, and January 19, 1981, had in his custody, control, or possession, directly or indirectly, in trust or otherwise, tangible property in which there was or is any direct or indirect interest or an asserted interest of Iran or an Iranian entity. This includes, but is not limited to, all persons who reported holding tangible property as of March 31, 1980 on Treasury Department Form TFR-615, "Census of Blocked Iranian Assets."

(c) *Filing Form TFR-625.* Reports on Form TFR-625 shall be prepared in triplicate. On or before July 1, 1982, two copies shall be sent in a set to Unit 625, Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220. The third copy must be retained with the reporter's records.

(d) *Certification.* Every report on Form TFR-625 shall contain the certification required in Part D of the Form. Failure to complete the certification shall render the report ineffective, and the submission of such a report shall not constitute compliance with this section.

(e) *Confidentiality of reports.* Reports on Form TFR-625 are regarded as privileged and confidential.

(Approved by the Office of Management and Budget under control number 1505-0056)

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; and E.O. 12294, 46 FR 14111)

[47 FR 22361, May 24, 1982]

EDITORIAL NOTE: For a notice document affecting § 535.625 Form TFR-625, see 47 FR 25003, June 9, 1982.

Subpart G—Penalties

§ 535.701 Penalties.

(a) Attention is directed to section 206 of the International Emergency Economic Powers Act which provides in part:

> (a) A civil penalty of not to exceed $10,000 may be imposed on any person who violates any license, order, or regulation issued under this title.
>
> (b) Whoever willfully violates any license, order, or regulation issued under this title shall, upon conviction be fined not more than $50,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment or both.

This section of the International Emergency Economic Powers Act is applicable to violations of any provision of this part and to violations of the provisions of any license, ruling, regulation, order, direction or instruction issued by or pursuant to the direction or authorization of the Secretary of the Treasury pursuant to this part or otherwise under the International Emergency Economic Powers Act.

(b) Attention is also directed to 18 U.S.C. 1001 which provides:

> Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representation or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than $10,000 or imprisoned not more than five years, or both.

Subpart H—Procedures

SOURCE: 44 FR 66833, Nov. 21, 1979, unless otherwise noted.

§ 535.801 Licensing.

(a) *General licenses.* General licenses have been issued authorizing under appropriate terms and conditions many types of transactions which are subject to the prohibitions contained in Subpart B of this part. All such licenses are set forth in Subpart E of this part. It is the policy of the Office of Foreign Assets Control not to grant applications for specific licenses authorizing transactions to which the provisions of an outstanding general license are applicable. Persons availing themselves of certain general licenses are required to file reports and statements in accordance with the instructions specified in the licenses.

(b) *Specific licenses.* (1) General course of procedure. Transactions subject to the prohibitions contained in Subpart B of this part which are not authorized by general license may be effected only under specific license. The specific licensing activities of the Office of Foreign Assets Control are performed by its Washington Office and by the Federal Reserve Bank of New York. When an unusual problem is presented, the proposed action is cleared with the Director of the Office of Foreign Assets Control or such person as he may designate.

(2) *Applications for specific licenses.* Applications for specific licenses to engage in any transaction prohibited by or pursuant to this part are to be filed in duplicate on Form TFAC-27 with the Federal Reserve Bank of New York. Any person having an interest in a transaction or proposed transaction may file an application for a license authorizing the effecting of such transaction, and there is no requirement that any other person having an interest in such transaction shall or should join in making or filing such application.

(3) *Information to be supplied.* Applicant must supply all information specified by the respective forms and instructions. Such documents as may be relevant shall be attached to each application as a part of such application except that documents previously filed with the Office of Foreign Assets Control may, where appropriate, be incorporated by reference. Applicants may be required to furnish such further information as is deemed necessary to a proper determination by the Office of Foreign Assets Control. If an applicant or other party in interest desires to present additional information or discuss or argue the application, he may do so at any time before or after decision. Arrangements for oral presentation should be made with the Office of Foreign Assets Control.

(4) *Effect of denial.* The denial of a license does not preclude the reopening of an application or the filing of a further application. The applicant or any other party in interest may at any time request explanation of the reasons for a denial by correspondence or personal interview.

(5) *Reports under specific licenses.* As a condition upon the issuance of any license, the licensee may be required to file reports with respect to the transaction covered by the license, in such form and at such times and places as may be prescribed in the license or otherwise.

(6) *Issuance of license.* Licenses will be issued by the Office of Foreign Assets Control acting on behalf of the Secretary of the Treasury or by the Federal Reserve Bank of New York, acting in accordance with such regulations, rulings and instructions as the Secretary of the Treasury or the Office of Foreign Assets Control may from time to time prescribe, in such cases or classes of cases as the Secretary of the Treasury or the Office of Foreign Assets Control may determine, or licenses may be issued by the Secretary of the Treasury acting directly or through any person, agency, or instrumentality designated by him.

§ 535.802 Unblocking.

Any interested person desiring the unblocking of accounts or other property on the ground that neither Iran nor any Iranian entity has an interest in the property may file such an application. Such application shall be filed in the manner provided in § 535.801(b) and shall contain full information in support of the administrative action requested.

The applicant is entitled to be heard on the application. If the applicant desires a hearing, arrangements should be made with the Office of Foreign Assets Control.

§ 535.803 Decision.

The Office of Foreign Assets Control or the Federal Reserve Bank of New York will advise each applicant of the decision respecting applications filed by him. The decision of the Office of Foreign Assets Control acting on behalf of the Secretary of the Treasury with respect to an application shall constitute final agency action.

§ 535.804 Records and reporting.

Records are required to be kept by every person engaging in any transaction subject to the provisions of this part.

Reports may be required from any person with respect to any transaction subject to the provisions of this chapter or relative to any property in which any foreign country or any national thereof has any interest.

§ 535.805 Amendment, modification, or revocation.

The provisions of this part and any rulings, licenses, authorizations, instructions, orders, or forms issued thereunder may be amended, modified, or revoked at any time.

§ 535.806 Rule making.

(a) In general, rule making by the Office of Foreign Assets Control involves foreign affairs functions of the United States to which the provisions of the Administrative Procedure Act, 5 U.S.C. 553, requiring notice of proposed rule making, the opportunity for public participation and a delay in effective date are inapplicable. However, the Office of Foreign Assets Control may consult with interested groups or persons in connection with the issuance of rules or the establishment of licensing policies.

(b) Any interested person may recommend in writing to the Director of the Office of Foreign Assets Control the issuance, amendment or the repeal of any rule.

[44 FR 75353, Dec. 19, 1979]

Subpart I—Miscellaneous Provisions

§ 535.901 Dollar accounts at banks abroad.

Any domestic bank is hereby authorized to effect withdrawals or other transfers from any account held in the name of a non-Iranian bank located in a foreign country, provided such non-Iranian foreign bank is not a person subject to the jurisdiction of the United States.

§ 535.902 Set-offs by U.S. owned or controlled firms abroad.

(a) Branches and subsidiaries in foreign countries of persons subject to the jurisdiction of the United States are licensed to set-off their claims against Iran or Iranian entities by debit to blocked accounts held by them for Iran or Iranian entities.

(b) The general license in paragraph (a) of this section is revoked as of January 19, 1981.

(c) For purposes of this section, set-offs include combinations of accounts and any similar actions.

(Secs. 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12170, 44 FR 65729; E.O. 12205, 45 FR 24099; E.O. 12211, 45 FR 26685; E.O. 12276, 46 FR 7913; E.O. 12279, 46 FR 7919; E.O. 12280, 46 FR 7921; E.O. 12281, 46 FR 7923; E.O. 12282, 46 FR 7925; E.O. 12283, 46 FR 7927, and E.O. 12294, 46 FR 14111)

[46 FR 14337, Feb. 26, 1981]

§ 535.904 Payment by Iranian entities of obligations to persons within the United States.

The transfer of funds after the effective date by, through or to any U.S. banking institution or other person within the United States solely for purposes of payment of obligations by Iranian entities owed to persons within the United States is authorized: *Provided*, That there is no debit to a blocked account. Property is not blocked by virtue of being transferred or received pursuant to this section.

[44 FR 66591, Nov. 20, 1979]

§ 535.905 Paperwork Reduction Act notice.

The information collection requirements in §§ 535.568 and 535.801 have been approved by the Office of Management and Budget and assigned control number 1505-0075.

[50 FR 27438, July 3, 1985]

PART 540—NICARAGUAN TRADE CONTROL REGULATIONS

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Subpart I—Miscellaneous Provisions

540.901 Paperwork Reduction Act notice.

AUTHORITY: Sections 201-207, 91 Stat. 1626, 50 U.S.C. 1701-1706; E.O. 12513.

SOURCE: 50 FR 19890, May 10, 1985, unless otherwise noted.

Subpart A—Relation of This Part to Other Laws and Regulations

§ 540.101 Relation of this part to other laws and regulations.

(a) This part is independent of Parts 500, 505, 515, 520, and 535 of this chapter. Those parts do not relate to Nicaragua. No license or authorization contained in or issued pursuant to those other parts authorizes any transaction prohibited by this part. In addition, licenses or authorizations contained in or issued pursuant to any other provision of law or regulations do not authorize any transaction prohibited by this part.

(b) No license or authorization contained in or issued pursuant to this part relieves the involved parties from complying with any other applicable laws or regulations. For example, no license or authorization contained in or issued pursuant to this part authorizes the export of goods or the export of technical data for which a validated license would be required under the Export Administration Regulations (15 CFR Part 368 *et seq.*) in the absence of such validated license.

Subpart B—Prohibitions

§ 540.204 Prohibited imports of goods and services from Nicaragua.

Except as authorized by regulations, rulings, instructions, licenses, or otherwise, the following may not be imported into the United States:

(a) Services of Nicaraguan origin; or

(b) Goods of Nicaraguan origin.

§ 540.205 Prohibited exports of goods to Nicaragua.

Except as authorized, no goods may be exported from the United States either to or destined for Nicaragua, except those for the organized democratic resistance, and except donated articles such as food, clothing, and medicine, intended to be used to relieve human suffering.

§ 540.206 Prohibited transactions with Nicaraguan vessels.

Vessels of Nicaraguan registry are prohibited from entering into United States ports.

§ 540.207 Prohibited transactions with Nicaraguan air carriers.

Nicaraguan air carriers are prohibited from providing air transportation to or from points in the United States.

§ 540.208 Prohibited related transactions.

(a) No person may order, buy, receive, conceal, store, use, sell, loan, dispose of, transfer, transport, finance, forward, or otherwise service, in whole or in part, any commodity or technical data subject to the prohibitions of this part, with knowledge or reason to know that a violation of the International Emergency Economic Powers Act or any regulation, order, or license has occurred, is about to occur, or is intended to occur with respect to such commodity or technical data.

(b) Payments are not prohibited if the transaction to which they relate is not prohibited.

§ 540.209 Evasions; effective date.

(a) Any transaction for the purpose of, or which has the effect of, evading or avoiding any of the prohibitions set forth in this subpart is hereby prohibited.

(b) Unless otherwise specified, the prohibitions in this part shall be effective from 12:01 a.m., Eastern Daylight Time, May 7, 1985.

Subpart C—General Definitions

§ 540.301 Effective date.

The term "effective date" means 12:01 a.m., Eastern Daylight Time, May 7, 1985.

§ 540.302 Nicaragua; Nicaraguan.

The term "Nicaragua" means the country of Nicaragua and any Nicaraguan territory, dependency, colony, protectorate, mandate, dominion, possession or place subject to the jurisdiction thereof, or any territory which is controlled or occupied by the military, naval or police forces or other authority of Nicaragua. The term "Nicaraguan" means pertaining to Nicaragua as defined in this section.

§ 540.308 Person.

The term "person" means an individual, partnership, association, corporation or other organization.

§ 540.316 Nicaraguan origin.

The term "goods or services of Nicaraguan origin" includes:

(a) Goods produced, manufactured, grown, or processed within Nicaragua;

(b) Goods which have entered into Nicaraguan commerce; and

(c) Services performed in Nicaragua or by a Nicaraguan national. However, the term "services of Nicaraguan origin" does not include diplomatic and consular services performed on behalf of the Nicaraguan Government.

§ 540.321 United States.

The term "United States" means the United States and all areas under the jurisdiction or authority thereof, including the Trust Territory of the Pacific Islands.

Subpart D—Interpretations

§ 540.401 Offshore transactions.

(a) The prohibitions contained in § 540.204 do not apply to the importation into locations outside the United States of goods or services of Nicaraguan origin.

(b) The prohibitions contained in § 540.205 do not apply to the export of goods to or destined for Nicaragua from locations outside the United States.

§ 540.402 Technical data.

The term "goods" shall include, *inter alia*, technical data in tangible form including, but not limited to, a model, prototype, blueprint, drawing, operating manual, computer software, tape recording, microfiche, or other material in machine readable form. The term "goods" does not apply to oral transmission of technical data in the course of performance of services, telephone communications, lectures, seminars, or plant visits.

§ 540.403 Imports of services of Nicaraguan origin.

(a) Services of Nicaraguan origin are imported into the United States when:

(1) Such services are performed in Nicaragua and are contracted for, or on behalf of, a person within the United States and for the benefit of a person within the United States; or

(2) Such services are performed in the United States by a national of Nicaragua who is in the United States for purposes of performing such services as an employee or contractor of a business or governmental entity located in Nicaragua.

Example #1: A company located in the United States requests an opinion from a Nicaraguan accounting firm. Section 540.204 prohibits the U.S. firm from contracting for and receiving such an opinion.

Example #2: A company located in the United States contracts with an airline company located in Nicaragua to provide maintenance personnel for the U.S. company's aircraft in the United States. Section 540.204 prohibits the U.S. company from contracting for and receiving such services.

(b) Services of Nicaraguan origin are not imported into the United States when such services are provided in the United States by a Nicaraguan national who, during indefinite residency in the United States, works as, for example, a teacher, athlete, restaurant or domestic worker, or a person employed in any other regular occupation.

(c) Section 540.204 does not prohibit a U.S. person from obtaining technical, custodial, legal, accounting, banking, shipping, or other services from Nicaragua when they are to be rendered outside the United States, including in Nicaragua.

§ 540.404 Transshipment through United States prohibited.

(a) The prohibitions in § 540.205 apply to the import into the United States, for transshipment or transit, of goods which are intended or destined for Nicaragua.

(b) The prohibitions in § 540.204 apply to the import into the United States, for transshipment or transit, of goods of Nicaraguan origin which are intended or destined for third countries.

§ 540.405 Imports from third countries; transshipments.

(a) Imports into the United States from third countries of goods containing raw materials or components of Nicaraguan origin are not prohibited if those raw materials or components have been incorporated into manufactured products or otherwise substantially transformed in a third country.

(b) Imports into the United States of goods of Nicaraguan origin that have been transshipped through a third country without being incorporated into manufactured products or otherwise substantially transformed in a third country are prohibited.

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§ 540.406 Exports to third countries; transshipments.

(a) Exports from the United States to third countries of goods to be incorporated into products for re-export to Nicaragua are not prohibited where the exporter has reasonable cause to believe that the goods will be incorporated into manufactured products or otherwise substantially transformed before shipment to Nicaragua.

(b) Exports from the United States to third countries are prohibited where the exporter has reason to believe that the goods will be transshipped to Nicaragua without being incorporated into manufactured products or otherwise substantially transformed in a third country.

§ 540.407 Imports into bonded warehouse or foreign trade zone.

The prohibition in § 540.204 applies to imports into a bonded warehouse or foreign trade zone of the United States.

§ 540.408 Release from bonded warehouse or foreign trade zone.

Section 540.204 does not prohibit the release from a bonded warehouse or a foreign trade zone of goods of Nicaraguan origin imported into a bonded warehouse or a foreign trade zone prior to the effective date.

§ 540.409 Import and export of goods in transit before the effective date.

(a) Section 540.204 does not apply to goods:

(1) If imported by vessel, where the vessel arrives within the limits of a port in the United States prior to the effective date with the intent to unlade such goods; or (2) if imported other than by vessel, where the goods arrive within the Customs territory of the United States before the effective date.

(b) Section 540.205 does not apply to goods:

(1) If exported by vessel or airline, where the goods are laden on board before the effective date; or (2) if exported other than by vessel or airplane where the goods have left the United States before the effective date.

(c) Payments relating to goods described in paragraphs (a) and (b) of this section are authorized, even where such related payments occur after the effective date.

§ 540.410 Transactions relating to unprohibited offshore transactions.

The prohibitions in Subpart B do not extend to transactions by a person located in the United States relating to transactions outside the United States which are themselves not prohibited by Subpart B, such as financial, service or brokerage transactions involving offshore transactions with Nicaragua.

Subpart E—Licenses, Authorizations and Statements of Licensing Policy

§ 540.502 Effect of license or authorization.

(a) No license or other authorization contained in this part, or otherwise issued by or under the direction of the Secretary of the Treasury pursuant to section 203 of the International Emergency Economic Powers Act, shall be deemed to authorize or validate any transaction effected prior to the issuance of the license, unless such license or other authorization specifically so provides.

(b) No regulation, ruling, instruction, or license authorizes a transaction prohibited under this part unless the regulation, ruling, instruction, or license is issued by the Treasury Department and specifically refers to this part. No regulation, ruling, instruction, or license referring to this part shall be deemed to authorize any transactions prohibited by any provision of Parts 500, 505, 515, 520, or 535 of this chapter unless the regulation, ruling, instruction or license specifically refers to such provision.

(c) Any regulation, ruling, instruction or license authorizing a transaction otherwise prohibited under this part has the effect of removing a prohibition or prohibitions in Subpart B from the transaction, but only to the extent specifically stated by its terms. Unless the regulation, ruling, instruction or license otherwise specifies, such an authorization does not create any right, duty, obligation, claim, or interest in, or with respect to, any property which would not otherwise exist under ordinary principles of law.

§ 540.503 Exclusion from licenses and authorizations.

The Secretary of the Treasury reserves the right to exclude any person from the operation of any license or from the privileges therein conferred or to restrict the applicability thereof with respect to particular persons, transactions or property or classes thereof. Such action shall be binding upon all persons receiving actual notice or constructive notice thereof.

§ 540.504 Imports paid for prior to May 1, 1985.

(a) Goods of Nicaraguan origin that were entirely paid for prior to May 1, 1985, may be imported into the United States after the effective date, upon certification by the importer to U.S. Customs of the prior full payment.

(b) Upon application to the Office of Foreign Assets Control, specific licenses may be issued authorizing the importation into the United States after the effective date of:

(1) Goods of Nicaraguan origin that were partially paid for prior to May 1, 1985; and

(2) Services of Nicaraguan origin that were fully or partially paid for prior to May 1, 1985.

§ 540.505 Exports pursuant to prior contractual commitments.

(a) Goods that were in transit to Nicaragua before the effective date may be exported in accordance with the provisions of § 540.409.

(b) Specific licenses will normally be granted authorizing the export of goods from the United States to Nicaragua after the effective date and before November 1, 1985, provided the exporter demonstrates that it has a legal obligation to export the goods to Nicaragua under a contract entered into prior to May 1, 1985, and either that:

(1) The exporter's obligation is guaranteed under an outstanding performance bond which can successfully be invoked by the Nicaraguan importer; or

(2) The exporter is unable to sell the goods to any other purchaser without incurring a loss.

§ 540.533 Certain exports authorized.

(a) All transactions ordinarily incident to the exportation of any item, commodities, or products from the United States to or destined for Nicaragua are authorized if such exports are authorized under one or more of the following regulations administered by the Department of Commerce:

(1) 15 CFR 371.6, General license BAGGAGE: accompanied and unaccompanied baggage;

(2) 15 CFR 371.13, General license GUS: Shipments to personnel and agencies of the U.S. Government;

(3) 15 CFR 371.18, General license GIFT: Shipments of gift parcels;

(4) 15 CFR 379.3, General license GTDA: technical data available to all destinations;

(5) 15 CFR 371.19, General license GATS: relating to foreign-registry civil aircraft (except that transactions relating to Nicaraguan-registered air carriers are not authorized), and to U.S. air carrier aircraft and other U.S.-registry civil aircraft.

(b) All transactions are authorized ordinarily incident to the exportation from the United States to or destined for Nicaragua of the following items described as cited:

(1) 15 CFR 399.1, Commodity Control List, Group 5, CCL No. 7599I: microfilm that reproduces the content of certain publications, and similar materials.

(2) 15 CFR 399.1, Commodity Control List, Group 9, CCL No. 7999I: certain publications and related materials.

§ 540.534 Certain imports for diplomatic or official personnel authorized.

All transactions ordinarily incident to the importation of any goods or services into the United States from Nicaragua are authorized if such imports are destined for official or personal use by personnel employed by Nicaraguan diplomatic missions or Nicaraguan missions to international organizations located in the United

States, and such imports are not for resale.

§ 540.535 Certain services relating to participation in various events authorized.

The importation of services of Nicaraguan origin into the United States is authorized where a Nicaraguan national enters the United States on a visa issued by the State Department for the purpose of participating in a public conference, performance, exhibition or similar event.

§ 540.536 Import of publications authorized.

The importation into the United States is authorized of all Nicaraguan publications, including books, newspapers, magazines, films, phonograph records, tape recordings, photographs, microfilm, microfiche, posters, and similar materials.

§ 540.537 Import of certain gifts authorized.

The importation into the United States is authorized for goods of Nicaraguan origin sent as gifts to persons in the United States where the value of the gift is not more than $100.

§ 540.538 Import of accompanied baggage authorized.

Persons entering the United States directly or indirectly from Nicaragua are authorized to import into the United States personal accompanied baggage normally incident to travel.

§ 540.539 Commercial exports of certain medical supplies.

Commercial exports to Nicaragua of medicines and supplies intended strictly for medical purposes are authorized.

§ 540.540 Exports for humanitarian, educational, and religious purposes.

Applications for specific licenses to export goods to Nicaragua for humanitarian, educational, or religious purposes will be considered on a case-by-case basis.

§ 540.541 Certain exports by intergovernmental organizations.

Applications by intergovernmental organizations in the United States for exportation of U.S. goods to Nicaragua will be considered on a case-by-case basis.

§ 540.542 Telecommunications and mail transactions authorized.

All transactions of common carriers incident to the receipt or transmission of telecommunications and mail between the United States and Nicaragua are authorized.

Subpart F—Reports

§ 540.601 Required records.

Every person engaging in any transaction subject to the provisions of this part shall keep a full and accurate record of each transaction in which he engages, regardless of whether such transaction is effected pursuant to license or otherwise, and such record shall be available for examination for at least two years after the date of such transaction.

§ 540.602 Reports to be furnished on demand.

Every person is required to furnish under oath, in the form of reports or otherwise, from time to time and at any time as may be required, complete information relative to any transaction, regardless of whether such transaction is effected pursuant to license or otherwise, subject to the provisions of this part. Such reports may be required to include the production of any books of account, contracts, letters or other papers, connected with any such transaction or property, in the custody or control of the persons required to make such reports. Reports with respect to transactions may be required either before or after such transactions are completed. The Secretary of the Treasury may, through any person or agency, investigate any such transaction or property or any violation of the provisions of this part regardless of whether any report has been required or filed in connection therewith.

Subpart G—Penalties

§ 540.701 Penalties.

(a) Attention is directed to section 206 of the International Emergency Economic Powers Act, which provides in part:

> A civil penalty not to exceed $10,000 may be imposed on any person who violates any license, order, or regulation issued under this title.
>
> Whoever willfully violates any license, order, or regulation issued under this title shall, upon conviction, be fined not more than $50,000 or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment, or both.

This section of the International Emergency Economic Powers Act is applicable to violations of any provision of this part and to violations of the provisions of any license, ruling, regulation, order, direction, or instruction issued by or pursuant to the direction or authorization of the Secretary of the Treasury pursuant to this part or otherwise under the International Emergency Economic Powers Act.

(b) Attention is also directed to 18 U.S.C. 1001, which provides:

> Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representation or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than $10,000 or imprisoned not more than five years, or both.

§ 540.702 Detention of shipments.

Import shipments into the United States of goods of Nicaraguan origin in violation of § 540.204 and export shipments from the United States of goods to or destined for Nicaragua in violation of § 540.205 shall be detained. No such import or export shall be permitted to proceed, except as specifically authorized by the Secretary of the Treasury. Such shipments shall be subject to licensing, penalties, or forfeiture action, under the Customs laws or other applicable provision of law, depending on the circumstances.

Subpart H—Procedures

§ 540.801 Licensing.

(a) *General licenses.* General licenses have been issued authorizing under appropriate terms and conditions certain types of transactions which are subject to the prohibitions contained in Subpart B of this part. All such licenses are set forth in Subpart E of this part. It is the policy of the Office of Foreign Assets Control not to grant applications for specific licenses authorizing transactions to which the provisions of an outstanding general license are applicable. Persons availing themselves of certain general licenses may be required to file reports and statements in accordance with the instructions specified in those licenses.

(b) *Specific licenses*—(1) *General course of procedure.* Transactions subject to the prohibitions contained in Subpart B of this part which are not authorized by general license may be effected only under specific licenses. The specific licensing activities of the Office of Foreign Assets Control are performed by its Washington Office and by the Federal Reserve Bank of New York.

(2) *Applications for specific licenses.* Applications for specific licenses to engage in any transaction prohibited by or pursuant to this part are to be filed in duplicate with the Federal Reserve Bank of New York. Any person having an interest in a transaction or proposed transaction may file an application for a license authorizing such transaction, and there is no requirement that any other person having an interest in such transaction shall or should join in making or filing such application.

(3) *Information to be supplied.* The applicant must supply all information specified by the respective forms and instructions. Such documents as may be relevant shall be attached to each application as a part of such application except that documents previously filed with the Office of Foreign Assets Control may, where appropriate, be incorporated by reference. Applicants

may be required to furnish such further information as is deemed necessary to a proper determination by the Office of Foreign Assets Control. If an applicant or other party in interest desires to present additional information or discuss or argue the application, he may do so at any time before or after decision. Arrangements for oral presentation should be made with the Office of Foreign Assets Control.

(4) *Effect of denial.* The denial of a license does not preclude the reopening of an application or the filing of a further application. The applicant or any other party in interest may at any time request explanation of the reasons for a denial by correspondence or personal interview.

(5) *Reports under specific licenses.* As a condition upon the issuance of any license, the licensee may be required to file reports with respect to the transaction covered by the license, in such form and at such times and places as may be prescribed in the license or otherwise.

(6) *Issuance of license.* Licenses will be issued by the Office of Foreign Assets Control acting on behalf of the Secretary of the Treasury or by the Federal Reserve Bank of New York, acting in accordance with such regulations, rulings and instructions as the Secretary of the Treasury or the Office of Foreign Assets Control may from time to time prescribe, in such cases or classes of cases as the Secretary of the Treasury or the Office of Foreign Assets Control may determine, or licenses may be issued by the Secretary of the Treasury acting directly or through any designated person, agency, or instrumentality.

§ 540.803 Decisions.

The Office of Foreign Assets Control or the Federal Reserve Bank of New York will advise each applicant of the decision respecting filed applications. The decision of the Office of Foreign Assets Control acting on behalf of the Secretary of the Treasury with respect to an application shall constitute a final agency action.

§ 540.805 Amendment, modification, or revocation.

The provisions of this part and any rulings; licenses, whether general or specific; authorizations; instructions; orders; or forms issued hereunder may be amended, modified, or revoked at any time.

§ 540.806 Rulemaking.

(a) All rules and other public documents are issued by the Secretary of the Treasury upon recommendation of the Director of the Office of Foreign Assets Control. Except to the extent that there is involved any military, naval, or foreign affairs function of the United States or any matter relating to agency management or personnel or to public property, loans, grants, benefits, or contracts, and except when interpretative rules, general statements of policy, or rules of agency organization, practice, or procedure are involved or when notice and public procedure are impracticable, unnecessary or contrary to the public interest, interested persons will be afforded an opportunity to participate in rulemaking through submission of written data, views, or arguments, with oral presentation in the discretion of the Director. In general, rulemaking by the the Office of Foreign Assets Control involves foreign affairs functions of the United States. Wherever possible, however, it is the practice to hold informal consultations with interested groups or persons before the issuance of any rule or other public document.

(b) Any interested person may petition the Director of the Office of Foreign Assets Control in writing for the issuance, amendment or repeal of any rule.

§ 540.807 Delegation by the Secretary of the Treasury.

Any action which the Secretary of the Treasury is authorized to take pursuant to Executive Order 12513 or the International Emergency Economic Powers Act may be taken by the Director, Office of Foreign Assets Control, or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

§ 540.808 Customs procedures: merchandise specified in § 540.204.

(a) With respect to merchandise specified in § 540.204 appropriate Customs officers shall not accept or allow any:

(1) Entry for consumption or warehouse (including any appraisement entry, any entry of goods imported in the mails, regardless of value, and any informal entries);

(2) Entry for immediate exportation;

(3) Entry for transportation and exportation;

(4) Withdrawal from warehouse;

(5) Entry, transfer or withdrawal from a foreign trade zone; or

(6) Manipulation or manufacture in a warehouse or in a foreign trade zone, unless either:

(i) The merchandise was imported prior to 12:01 a.m., May 7, 1985, or

(ii) A specific license pursuant to this part is presented, or

(iii) Instructions from the Office of Foreign Assets Control, either direct or through the Federal Reserve Bank of New York, authorizing the transaction are received.

(b) Whenever a specific license is presented to an appropriate Customs officer in accordance with this section, one additional legible copy of the entry, withdrawal or other appropriate document with respect to the merchandise involved shall be filed with the appropriate Customs officers at the port where the transaction is to take place. Each copy of any such entry, withdrawal or other appropriate document, including the additional copy, shall bear plainly on its face the number of the license pursuant to which it is filed. The original copy of the specific license shall be presented to the appropriate Customs officers in respect of each such transaction and shall bear a notation in ink by the licensee or person presenting the license showing the description, quantity and value of the merchandise to be entered, withdrawn or otherwise dealt with. This notation shall be so placed and so written that there will exist no possibility of confusing it with anything placed on the license at the time of its issuance. If the license in fact authorizes the entry, withdrawal or other transaction with regard to the merchandise the appropriate Customs officer, or other authorized Customs employee, shall verify the notation by signing or initialing it after first assuring himself that it accurately describes the merchandise it purports to represent. The license shall thereafter be returned to the person presenting it and the additional copy of the entry, withdrawal or other appropriate document shall be forwarded by the appropriate Customs officer to the Office of Foreign Assets Control.

(c) Whenever a person shall present an entry, withdrawal or other appropriate document affected by this section and shall assert that no specific Foreign Assets Control license is required in connection therewith, the appropriate Customs officer shall withhold action thereon and shall advise such person to communicate directly with the Federal Reserve Bank of New York, Foreign Assets Control Division, to request that instructions be sent to the Customs officer to authorize him to take action with regard thereto.

§ 540.809 Rules governing availability of information.

(a) The records of the Office of Foreign Assets Control which are required by 5 U.S.C. 552 to be made available to the public shall be made available in accordance with the definitions, procedures, payment of fees, and other provisions of the regulations on the Disclosure of Records of the Office of the Secretary and of other bureaus and offices of the Department issued under 5 U.S.C. 552 and published as Part 1 of this Title 31 of the Code of Federal Regulations.

(b) Any form issued for use in connection with the Nicaraguan Trade Control Regulations may be obtained in person or by writing to the Office of Foreign Assets Control, Treasury Department, Washington, DC 20220, or the Foreign Assets Control Division, Federal Reserve Bank of New York, 33 Liberty Street, New York, N.Y. 10045.

Subpart I—Miscellaneous Provisions

§ 540.901 Paperwork Reduction Act notice.

The information collection requirements in §§ 540.504, 540.505, 540.540, 540.541, 540.601, and 540.602 have been approved by the Office of Management and Budget and assigned control number 1505-0089.

[50 FR 27438, July 3, 1985]

PART 545—SOUTH AFRICAN TRANSACTIONS REGULATIONS

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545.901 Paperwork Reduction Act Notice. [Reserved]

AUTHORITY: 50 U.S.C. 1701 et seq.; E.O. 12532, 50 FR 36861, Sept. 9, 1985; E.O. 12535, 50 FR 40325, October 3, 1985.

SOURCE: 50 FR 41682, Oct. 15, 1985, unless otherwise noted.

Subpart A—Relation of this Part to Other Laws and Regulations

§ 545.101 Relation of this part to other laws and regulations.

(a) This part is independent of the other parts of this chapter and all other provisions of law. No license or authorization under another part of this chapter or any other provision of law authorizes any transaction prohibited by this part.

(b) No license or authorization under this part authorizes any transaction prohibited by one of the other parts of this chapter or any other provision of law, or relieves the parties involved from complying with any other applicable laws or regulations.

Subpart B—Prohibitions

§ 545.201 Prohibition on the importation of Krugerrands.

Except as authorized under this part, the importation into the United States of South African Krugerrands is prohibited.

§ 545.202 Prohibition on loans to the Government of South Africa.

(a) Except as authorized under this part, no financial institution in the United States may make or approve any loan, directly or indirectly, to the Government of South Africa as defined in this part.

(b) The prohibition in paragraph (a) of this section shall not apply to any loan which a financial institution in the United States is obligated to make under an agreement entered into before September 9, 1985.

[50 FR 46726, Nov. 12, 1985]

§ 545.203 Effective dates.

(a) The effective date of the prohibition in § 545.201 shall be 12:01 a.m. Eastern Daylight Time, October 11, 1985.

(b) The effective date of the prohibition in § 545.202 shall be 12:01 a.m. Eastern Standard Time, November 11, 1985.

[50 FR 46726, Nov. 12, 1985]

§ 545.204 Evasions.

Any transaction for the purpose of, or which has the effect of, evading any of the prohibitions in this part is prohibited.

Subpart C—General Definitions

§ 545.301 Krugerrands.

The term "Krugerrands" includes Krugerrands of all denominations and sizes, and Krugerrands that have been modified, as by addition of a clasp or loop, into items that can be worn as jewelry.

§ 545.302 United States.

The term "United States" means the United States and all territories under the jurisdiction thereof, including the Trust Territory of the Pacific Islands.

§ 545.303 Importation.

The term "importation" means the bringing of any item within the jurisdictional limits of the United States with the intent to unlade it.

[50 FR 46726, Nov. 12, 1985]

§ 545.304 Loan.

The term "loan" means any transfer or extension of funds or credit on the basis of an obligation to repay, or any assumption or guarantee of the obligation of another to repay an extension of funds or credit. The term "loan" includes, but is not limited to: Overdrafts; currency swaps; the purchase of debt securities issued by the South African Government after November 11, 1985; the purchase of a loan made by another person; the sale of financial assets subject to an agreement to repurchase; and a renewal or refinancing whereby funds or credits are transferred or extended to the South African Government. The term "loan" does not include reschedulings of existing loans under § 545.404.

[50 FR 46726, Nov. 12, 1985]

§ 545.305 Financial institution.

The term "financial institution" means any entity engaged in the business of accepting deposits or making, transferring, holding, or brokering loans, including, but not limited to, banks, savings banks, trust companies, savings and loans associations, credit unions, securities brokers and dealers, investment companies, employee pension plans, holding companies of such institutions, and subsidiaries of any of the foregoing.

[50 FR 46727, Nov. 12, 1985]

§ 545.306 Government of South Africa: South African Government.

The terms "Government of South Africa" and "South African Government" include the national government of South Africa; the South African Reserve Bank; the government of any political subdivision of South Africa; the government of any territory under the dominion of South Africa; the government of any "homeland" established under the apartheid system, including Bophuthatswana, Ciskei, Transkei, and Venda; and any entity controlled by the South African Government, as defined in § 545.307.

[50 FR 46727, Nov. 12, 1985]

§ 545.307 Entity controlled by the South African Government.

The term "entity controlled by the South African Government" includes any corporation, partnership, association or other entity in which the South African Government owns a majority or controlling interest, any entity managed or substantially funded by that government, and any entity which is otherwise controlled by that government.

[50 FR 46727, Nov. 12, 1985]

§ 545.308 Person.

The term "person" means an individual or an entity

[50 FR 46727, Nov. 12, 1985]

§ 545.309 Entity.

The term "entity" means a corporation, partnership, association, or other organization.

[50 FR 46727, Nov. 12, 1985]

§ 545.310 Affiliate.

The term "affiliate" includes, but is not limited to, a branch or a subsidiary.

[50 FR 46727, Nov. 12, 1985]

Subpart D—Interpretations

§ 545.401 Reference to amended sections.

Reference to any section of this chapter or to any regulation, ruling, order, instruction, direction or license issued pursuant to this chapter shall be deemed to refer to the same as currently amended unless otherwise so specified.

§ 545.402 Effect of amendment of sections of this chapter or of other orders, etc.

Any modification of this chapter or of any regulation, ruling, order, instruction, direction or license issued by the Secretary of the Treasury pursuant to Executive Order No. 12535 shall not, unless otherwise specifically provided, be deemed to affect any act performed or omitted, or any civil or criminal proceeding commenced, prior to such modification, and all penalties, forfeitures, and liabilities under any such provision shall continue and may be enforced as if such modification had not been made.

§ 545.403 Krugerrand jewelry.

Section 545.201 prohibits the importation into the United States of Krugerrands that have been modified, as by the addition of a clasp or loop, into items that can be worn as jewelry. For example, importation of a necklace consisting of a Krugerrand mounted on a chain would be prohibited. Section 545.201 does not prohibit the reimportation into the United States of Krugerrand jewelry which was originally imported into the United States prior to October 11, 1985.

§ 545.404 Rescheduling existing loans to the South African Government.

Provided that no funds or credits are thereby transferred or extended to the Government of South Africa, § 545.202 does not prohibit a financial institution in the United States from rescheduling loans to the South African Government or otherwise extending the maturities of such loans, or from charging fees, or interest at commercially reasonable rates, in connection therewith.

[50 FR 46727, Nov. 12, 1985]

§ 545.405 Trade related credits.

(a) Section 545.202 prohibits financial institutions in the United States from opening, issuing, or confirming letters of credit or similar trade credits for which the Government of South Africa is the account party, except those which have been fully collateralized in such institution by the South African Government in advance of payment. Section 545.202 also prohibits financial institutions in the United States from creating or discounting acceptances or similar instruments to provide financing for the South African Government, except acceptances which have been fully funded in such institutions by the South African Government in advance of creation or discounting.

(b) Section 545.202 does not prohibit financial institutions in the United States from opening, issuing, or confirming letters of credits or similar trade credits respecting exports of the South African Government. Section 545.202 does not prohibit financial institutions in the United States from creating or discounting acceptances respecting exports of the South African Government.

[50 FR 46727, Nov. 12, 1985]

§ 545.406 Loans through intermediaries.

Section 545.202 prohibits a financial institution in the United States from making a loan to any person in the United States or a foreign country, where the institution has reason to believe that the loan is being obtained for or on behalf of the South African Government, and that the relevant funds or credit will be made available to the South African Government.

[50 FR 46727, Nov. 12, 1985]

§ 545.407 Substitution of the South African Government as obligor.

Section 545.202 does not prohibit a financial institution in the United States from complying with applicable laws, regulations or other directives of the South African Government requiring or permitting the South African Government to become the primary or secondary obligor with respect to an outstanding loan, provided that no funds or credits are thereby transferred or extended to the South African Government.

[50 FR 46727, Nov. 12, 1985]

§ 545.408 Approval of loans by foreign affiliates.

Section 545.202 prohibits financial institutions in the United States from approving loans by their foreign affiliates to the South African Government.

[50 FR 46727, Nov. 12, 1985]

§ 545.409 Loan participations.

Section 545.202 prohibits a financial institution in the United States from purchasing, or otherwise acquiring a participation in, all or part of any loan made by any other person or persons to the South African Government, regardless of the date of the original loan, unless such financial institution is obligated to make the purchase under an agreement entered into before September 9, 1985, or such acquisition is incidental to the purchase or acquisition of an institution or all or substantially all of the assets of an institution that has made or acquired participations in such loans.

[50 FR 46727, Nov. 12, 1985]

§ 545.410 South African law.

If, under applicable laws of South Africa, a financial institution in the United States cannot obtain enough information from a person in South Africa to enable it reasonably to conclude that a loan is not being obtained for or on behalf of the South African Government, § 545.202 prohibits the loan.

[50 FR 46727, Nov. 12, 1985]

Subpart E—Licenses, Authorizations and Statements of Licensing Policy

§ 545.501 Effect of subsequent license or authorization.

No license or other authorization contained in this chapter or otherwise issued by or under the authority of the Secretary of the Treasury pursuant to Executive Order 12535 shall be deemed to authorize or validate any transaction effected prior to the issuance thereof, unless such license or other authorization specifically so provides.

§ 545.502 Exclusion from licenses and authorizations.

The Secretary of the Treasury reserves the right to exclude any person or property from the operation of any license or to restrict the applicability thereof to any person or property. Such action shall be binding upon all persons receiving actual or constructive notice thereof.

§ 545.503 Loans for educational, housing, or health facilities.

Specific licenses may be issued to financial institutions in the United States authorizing them to make loans to the South African Government, where the loans will be used to benefit all persons on a non-discriminatory basis, and where it is determined that the loans are for educational, housing, or health facilities.

[50 FR 46727, Nov. 12, 1985]

§ 545.504 Loans to benefit persons disadvantaged by the apartheid system.

Specific licenses may be issued to financial institutions in the United States authorizing them to make loans to the South African Government, where it is determined that the loans will improve the welfare or expand the economic opportunities of persons in South Africa disadvantaged by the apartheid system. No such loan will be authorized to any apartheid enforcing entity.

[50 FR 46728, Nov. 12, 1985]

Subpart F—Reports

§ 545.601 Required records.

Every person engaging in any transaction subject to this part shall keep a full and accurate record of each transaction in which he engages, including any transaction effected pursuant to license or otherwise, and such records shall be available for examination for at least two years after the date of such transaction.

§ 545.602 Reports to be furnished on demand.

Every person is required to furnish under oath, in the form of reports or otherwise, at any time as may be required, complete information relative to any transaction subject to this part, regardless of whether such transaction is effected pursuant to license or otherwise. Such reports may be required to include the production of any books of account, contracts, letters, and other papers connected with any transaction in the custody or control of the persons required to make such reports. Reports with respect to transactions may be required either before or after such transactions are completed. The Secretary of the Treasury may, through any person or agency, conduct investigations, hold hearings, administer oaths, examine witnesses, receive evidence, take depositions, and require by subpoena the attendance and testimony of witnesses and the production of all books, papers, and documents relating to any matter under investigation.

Subpart G—Penalties

§ 545.701 Penalties.

(a) A civil penalty of not to exceed $10,000 may be imposed on any person who violates any license, order, or regulation issued under this title.

(b) Whoever willfully violates any license, order, or regulation issued under this title shall, upon conviction, be fined not more than $50,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment, or both.

(50 U.S.C. 1705)

(c) Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representation or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than $10,000 or imprisoned not more than five years, or both.

(18 U.S.C. 1001)

Subpart H—Procedures

§ 545.801 Licensing.

(a) *General licenses.* [Reserved]

(b) *Specific licenses.* Transactions prohibited under subpart B may be effected only under specific license.

(1) The specific licensing activities of the Office of Foreign Assets Control are performed by its Washington Office and by the Foreign Assets Control Division of the Federal Reserve Bank of New York.

(2) *Applications for specific licenses.* Applications for specific licenses to engage in any transaction prohibited under this part are to be filed in duplicate with the Federal Reserve Bank of New York, Foreign Assets Control Division, 33 Liberty Street, New York, NY 10045. Any person having an interest in a transaction or proposed transaction may file an application for a license authorizing such transaction, and there is no requirement that any other person having an interest in such transaction shall or should join in making or filing such application.

(3) *Information to be supplied.* The applicant must supply all information specified by the respective forms and instructions. Such documents as may be relevant shall be attached to each application except that documents previously filed with the Office of Foreign Assets Control may, where appropriate, be incorporated by reference. Applicants may be required to furnish such further information as is deemed necessary to a proper determination by the Office of Foreign Assets Control. Failure to furnish necessary information will not be excused because of any provision of South African law. If an applicant or other party in interest desires to present additional information or discuss or argue the application, he may do so at any time before or after decision. Arrangements for oral presentation should be made with the Office of Foreign Assets Control.

(4) *Effect of denial.* The denial of a license does not preclude the reopening of an application or the filing of a further application. The applicant or any other party in interest may at any time request explanation of the reasons for a denial by correspondence or personal interview.

(5) *Reports under specific licenses.* As a condition of the issuance of any license, the licensee may be required to file reports with respect to the transaction covered by the license, in such form and at such times and places as may be prescribed in the license or otherwise.

(6) *Issuance of license.* Licenses will be issued by the Office of Foreign Assets Control acting on behalf of the Secretary of the Treasury or by the Federal Reserve Bank of New York, acting in accordance with such regulations, rulings, and instructions as the Secretary of the Treasury or the Office of Foreign Assets Control may from time to time prescribe, or licenses may be issued by the Secretary of the Treasury acting directly or through a designated person, agency, or instrumentality.

§ 540.802 Decisions.

The Office of Foreign Assets Control or the Federal Reserve Bank of New York will advise each applicant of the decision respecting filed applications. The decision of the Office of Foreign Assets Control with respect to an application shall constitute a final agency action.

§ 545.803 Amendment, modification, or revocation.

The provisions of this part and any rulings, licenses, authorizations, instructions, orders or forms issued hereunder may be amended, modified, or revoked at any time.

§ 545.804 Rulemaking.

(a) All rules and other public documents are issued by the Secretary of the Treasury upon recommendation of the Director of the Office of Foreign Assets Control. Except to the extent that there is involved any military, naval, or foreign affairs function of the United States or any matter relating to the agency management or personnel or to public property, loans, grants, benefits, or contracts, and except when interpretive rules, general statements of policy, or rules of agency organization, practice, or procedure are involved, or when notice and public procedure are impracticable, unnecessary, or contrary to the public interest, interested persons will be afforded an opportunity to participate in rulemaking through the submission of written data, views, or arguments, with oral presentation in the discretion of the Director. In general, rulemaking by the Office of Foreign Assets Control involves foreign affairs functions of the United States. Wherever possible, however, it is the practice to hold informal consultations with interested groups or persons before the issuance of any rule or other public document.

(b) Any interested person may petition the Director of the Office of Foreign Assets Control in writing for the issuance, amendment or revocation of any rule.

§ 545.805 Delegation by the Secretary of the Treasury.

Any action which the Secretary of the Treasury is authorized to take pursuant to Executive Order 12535 may be taken by the Director of the Office of Foreign Assets Control, or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

§ 545.806 Rules governing availability of information.

(a) The records of the Office of Foreign Assets Control which are required by 5 U.S.C. 552 to be made available to the public shall be made available in accordance with the definitions, procedures, payment of fees, and other provisions of the regulations on the disclosure of records of the Office of the Secretary and of other bureaus and offices of the Department issued under 5 U.S.C. 552 and published as part 1 of this Title 31 of the Code of Federal Regulations.

(b) Any form issued for use in connection with this part may be obtained in person from or by writing to the Office of Foreign Assets Control, Treasury Department, Washington, DC 20220, or the Foreign Assets Control Division, Federal Reserve Bank of New York, 33 Liberty Street, New York, NY 10045.

Subpart I—Miscellaneous

§ 545.901 Paperwork Reduction Act Notice. [Reserved]

[50 FR 46728, Nov. 12, 1985]

PART 550—LIBYAN SANCTIONS REGULATIONS

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Subpart I—Miscellaneous

550.901 Paperwork Reduction Act Notice.

AUTHORITY: 50 U.S.C. 1701 et seq.; E.O. 12543, 51 FR 875, January 9, 1986; E.O. 12544, 51 FR 1235, Jan. 10, 1986.

SOURCE: 51 FR 1354, Jan. 10, 1986, unless otherwise noted.

Subpart A—Relation of this Part to Other Laws and Regulations

§ 550.101 Relation of this part to other laws and regulations.

(a) This part is independent of Parts 500, 505, 515, 520, 535, 540, and 545 of this chapter. Those parts do not relate to Libya. No license or authorization contained in or issued pursuant to those other parts authorizes any transaction prohibited by this part. In addition, licenses or authorizations contained in or issued pursuant to any other provision of law or regulations do not authorize any transaction prohibited by this part.

(b) No license or authorization contained in or issued pursuant to this part relieves the involved parties from complying with any other applicable laws or regulations. In particular, no license or authorization contained in or issued pursuant to this part authorizes the importation of petroleum products which would be banned by Presidential Proclamation 5141 of December 22, 1983 or Executive Order 12538 of November 15, 1985.

Subpart B— Prohibitions

§ 550.201 Prohibited imports of goods or services from Libya.

Except as authorized, no goods or services of Libyan origin, other than publications and materials imported for news publication or news broadcast dissemination, may be imported into the United States.

§ 550.202 Prohibited exports of goods, technology or services to Libya.

Except as authorized, no goods, technology (including technical data or other information) or services may be exported to Libya from the United States, except publications and donated articles intended to relieve human suffering, such as food, clothing, medicine and medical supplies intended strictly for medical purposes.

§ 550.203 Prohibited transportation-related transactions.

Except as authorized, the following are prohibited:

(a) Any transaction by a United States person relating to transportation to or from Libya;

(b) The provision of transportation to or from the United States by any Libyan person or any vessel or aircraft of Libyan registration; or

(c) The sale in the United States by any person holding authority under the Federal Aviation Act of any transportation by air which includes any stop in Libya.

§ 550.204 Prohibited purchases of goods from Libya.

Except as authorized, no U.S. person may purchase goods for export from Libya to any other country.

§ 550.205 Prohibited engagement in contracts.

Except as authorized, no U.S. person may perform any contract in support of an industrial or other commercial or governmental project in Libya.

§ 550.206 Prohibited grants or extensions of credits or loans.

Except as authorized, no U.S. person may grant or extend credits or loans to the Government of Libya.

§ 550.207 Prohibited transactions relating to travel to Libya or to activities within Libya.

Except as authorized, no U.S. person may engage in any transaction relating to travel by any U.S. citizen or permanent resident alien to Libya, or to activities by any U.S. citizen or permanent resident alien within Libya, after the effective date, other than transactions:

(a) Necessary to effect the departure of a U.S. citizen or permanent resident alien from Libya;

(b) Relating to travel to, from, or within Libya prior to February 1, 1986 to perform acts prohibited by §§ 550.201, 550.202, 550.203, 550.204, or 550.205 after that date; or

(c) Relating to journalistic activity by persons regularly employed in such capacity by a newsgathering organization.

This section prohibits the unauthorized payment by a U.S. person of his own travel or living expenses to or within Libya.

§ 550.208 Evasions.

Any transaction for the purpose of, or which has the effect of, evading or avoiding any of the prohibitions set forth in this subpart is hereby prohibited.

§ 550.209 Prohibited transactions involving property in which the Government of Libya has an interest; transactions with respect to securities.

(a) Except as authorized by regulations, rulings, instructions, licenses, or otherwise, no property or interests in property of the Government of Libya that are in the United States that hereafter come within the United States or that are or hearafter come within the possession or control of U.S. persons, including their overseas branches, may be transferred, paid, exported, withdrawn or otherwise dealt in.

(b) Unless authorized by a license expressly referring to this section, the acquisition, transfer (including the transfer on the books of any issuer or agent thereof), disposition, transportation, importation, exportation, or withdrawal of, or the endorsement or guaranty of signatures on or otherwise dealing in any security (or evidence thereof) registered or inscribed in the name of the Government of Libya is prohibited irrespective of the fact that at any time (either prior to, on, or subsequent to 4:10 p.m. e.s.t., January 8, 1986) the registered or inscribed owner thereof may have, or appears to have, assigned, transferred or otherwise disposed of any such security.

[51 FR 2462, Jan. 16, 1986]

§ 550.210 Effect of transfers violating the provisions of this part.

(a) Any transfer after 4:10 p.m. e.s.t., January 8, 1986, which is in violation of any provision of this part or of any regulation, ruling, instruction, license, or other direction or authorization thereunder and involves any property in which the Government of Libya has or has had an interest since such date is null and void and shall not be the basis for the assertion or recognition of any interest in or right, remedy, power or privilege with respect to such property.

(b) No transfer before 4:10 p.m. e.s.t., January 8, 1986, shall be the basis for the assertion or recognition of any right, remedy, power, or privilege with respect to, or interest in, any property in which the Government of Libya has or has had an interest since such date, unless the person with whom such property is held or maintained had written notice of the transfer or by any written evidence had recognized such transfer prior to such date.

(c) Unless otherwise provided, an appropriate license or other authorization issued by or pursuant to the direction or authorization of the Secretary of the Treasury before, during or after a transfer shall validate such transfer or render it enforceable to the same extent as it would be valid or enforceable but for the provisions of the International Emergency Economic Powers Act and this part and any ruling, order, regulation, direction or instruction issued hereunder.

(d) Transfers of property which otherwise would be null and void or unenforceable, by virtue of the provisions of this section, shall not be deemed to be null and void or unenforceable pursuant to such provisions, as to any person with whom such property was held or maintained (and as to such person only) in cases in which such person is able to establish each of the following:

(1) Such transfer did not represent a willfull violation of the provisions of this part by the person with whom such property was held or maintained;

(2) The person with whom such property was held or maintained did not have reasonable cause to know or suspect, in view of all the facts and circumstances known or available to such person, that such transfer required a license or authorization by or pursuant to this part and was not so licensed or authorized, or if a license or authorization did purport to cover the transfer, that such license or authorization had been obtained by misrepresentation or the withholding of material facts or was otherwise fraudulently obtained; and

(3) Promptly upon discovery that: (i) Such transfer was in violation of the provisions of this part or any regulation, ruling, instruction, license or other direction or authorization thereunder, or (ii) such transfer was not licensed or authorized by the Secretary of the Treasury, or (iii) if a license did purport to cover the transfer, such li-

cense had been obtained by misrepresentation or the withholding of material facts or was otherwise fraudulently obtained; the person with whom such property was held or maintained filed with the Treasury Department, Washington, D.C., a report in triplicate setting forth in full the circumstances relating to such transfer. The filing of a report in accordance with the provisions of this paragraph shall not be deemed to be compliance or evidence of compliance with paragraphs (d)(1) and (2) of this section.

(e) Unless licensed or authorized pursuant to this part, any attachment, judgment, decree, lien, execution, garnishment or other judicial process is null and void with respect to any property in which on or since 4:10 p.m. e.s.t., January 8, 1986, there existed an interest of the Government of Libya.

[51 FR 2462, Jan. 16, 1986]

Subpart C—Definitions

§ 550.301 Effective date.

The "effective date" means:

(a) 12:01 a.m. Eastern Standard Time (e.s.t.), February 1, 1986, with respect to the transactions prohibited by §§ 550.201, 550.202, 550.203, 550.204, and 550.205;

(b) 8:06 p.m. Eastern Standard Time (e.s.t.), January 7, 1986, with respect to transactions prohibited by §§ 550.206 and 550.207; and

(c) 4:10 p.m. Eastern Standard Time (e.s.t.), January 8, 1986, with respect to transactions prohibited by §550.209.

[51 FR 2463, Jan. 16, 1986]

§ 550.302 Libya; Libyan.

The term "Libya" means the country of Libya and any Libyan territory, dependency, colony, protectorate, mandate, dominion, possession, or place subject to the jurisdiction thereof. The term "Libyan" means pertaining to Libya as defined in this section.

§ 550.303 Libyan origin.

The term "goods or services of Libyan origin" includes:

(a) Goods produced, manufactured, grown, or processed within Libya;

(b) Goods which have entered into Libyan commerce;

(c) Services performed in Libya or by a Libyan national who is acting as an agent, employee, or contractor of the Government of Libya, or of a business entity located in Libya. Services of Libyan origin are not imported into the United States when such services are provided in the United States by a Libyan national who, during indefinite residency in the United States, works as, for example, a teacher, athlete, restaurant or domestic worker, or a person employed in any other regular occupation.

§ 550.304 Government of Libya.

(a) The "Government of Libya" includes:

(1) The state and the Government of Libya, as well as any political subdivision, agency, or instrumentality thereof, including the Central Bank of Libya;

(2) Any partnership, association, corporation, or other organization substantially owned or controlled by the foregoing;

(3) Any person to the extent that such person is, or has been, or to the extent that there is reasonable cause to believe that such person is, or has been, since the effective data acting or purporting to act directly or indirectly on behalf of any of the foregoing.

[51 FR 2463, Jan. 16, 1986]

§ 550.305 Libyan person.

The term "Libyan person" means any Libyan citizen, any juridical person organized under the laws of Libya, or any juridical person owned or controlled, directly or indirectly, by a Libyan citizen or the Government of Libya.

§ 550.306 Person.

The term "person" means an individual, partnership, association, corporation, or other organization.

§ 550.307 United States.

The term "United States" means the United States and all areas under the jurisdiction or authority thereof.

§ 550.308 United States person.

The term "United States person" or, as abbreviated, "U.S. person," means any United States citizen, permanent resident alien, juridical person organized under the laws of the United States, or any person in the United States.

§ 550.309 License.

Except as otherwise specified, the term "license" shall mean any license or authorization contained in or issued pursuant to this part.

§ 550.310 General license.

A general license is any license or authorization the terms of which are set forth in this part.

§ 550.311 Specific license.

A specific license is any license or authorization issued purusant to this part but not set forth in this part.

§ 550.312 Credits or loans.

The term "credits" or "loans" means any transfer or extension of funds or credit on the basis of an obligation to repay, or any assumption or guarantee of the obligation of another to repay an extension of funds or credit. The term "credits" or "loans" includes, but is not limited to: overdrafts; currency swaps; purchases of debt securities issued by the Government of Libya after January 7, 1986; purchases of a loan made by another person; sales of financial assets subject to an agreement to repurchase; renewals or refinancings whereby funds or credits are transferred to or extended to the Government of Libya; and draw-downs on existing lines of credit.

§ 550.313 Transfer.

The term "transfer" shall mean any actual or purported act or transaction, whether or not evidenced by writing, and whether or not done or performed within the United States, the purpose, intent or effect of which is to create, surrender, release, transfer, or alter, directly or indirectly, any right, remedy, power, privilege, or interest with respect to any property and, without limitation upon the foregoing, shall include the making, execution, or delivery of any assignment, power, conveyance, check, declaration, deed, deed of trust, power of attorney, power of appointment, bill of sale, mortgage, receipt, agreement, contract, certificate, gift, sale, affidavit, or statement; the appointment of any agent, trustee, or fiduciary; the creation or transfer of any lien; the issuance, docketing, filing, or the levy of or under any judgment, decree, attachment, injunction, execution, or other judicial or administrative process or order, or the service of any garnishment; the acquisition of any interest of any nature whatsoever by reason of a judgment or decree of any foreign country; the fulfillment of any condition, or the exercise of any power of appointment, power of attorney, or other power.

[51 FR 2463, Jan. 16, 1986]

§ 550.314 Property; property interests.

The terms "property" and "property interest" or "property interests" shall include, but not by way of limitation, money, checks, drafts, bullion, bank deposits, savings accounts, debts, indebtedness, obligations, notes, debentures, stocks, bonds, coupons, any other financial securities, bankers' acceptances, mortgages, pledges, liens or other rights in the nature of security, warehouse receipts, bills of lading, trust receipts, bills of sale, any other evidences of title, ownership or indebtedness, letters of credit and any documents relating to any rights or obligations thereunder, powers of attorney, goods, wares, merchandise, chattels, stocks on hand, ships, goods on ships, real estate mortgages, deeds of trust, vendors' sales agreements, land contracts, real estate and any interest therein, leaseholds, ground rents, options, negotiable instruments, trade acceptances, royalties, book accounts, accounts payable, judgments, patents, trademarks or copyrights, insurance policies, safe deposit boxes and their contents, annuities, pooling agreements, contracts of any nature whatsoever, and any other property, real, personal, or mixed, tangible or intangible, or interest or interests therein, present, future or contingent.

[51 FR 2463, Jan. 16, 1986]

§ 550.315 Interest.

Except as otherwise provided in this part, the term "interest" when used with respect to property shall mean an interest of any nature whatsoever, direct or indirect.

[51 FR 2464, Jan. 16, 1986]

§ 550.316 Blocked account; blocked property.

The terms "blocked account" and "blocked property" shall mean any account or property in which the Government of Libya has an interest, with respect to which payments, transfers or withdrawals or other dealings may not be made or effected except pursuant to an authorization or license authorizing such action.

[51 FR 2464, Jan. 16, 1986]

§ 550.317 Domestic bank.

(a) The term "domestic bank" shall mean any branch or office within the United States of any of the following which is not a Libyan entity: Any bank or trust company incorporated under the banking laws of the United States or of any state, territory, or district of the United States, or any private bank or banker subject to supervision and examination under the banking laws of the United States or of any state, territory or district of the United States. The Secretary of the Treasury may also authorize any other banking institution to be treated as a "domestic bank" for the purpose of this definition or for the purpose of any or all sections of this part.

(b) The term "domestic bank" includes any branch or office within the United States of a foreign bank that is not a Libyan entity.

[51 FR 2464, Jan. 16, 1986]

§ 550.318 Entity.

The term "entity" includes a corporation, partnership, association, or other organization.

[51 FR 2464, Jan. 16, 1986]

§ 550.319 Entity of the Government of Libya; Libyan entity.

The terms "entity of the Government of Libya" and "Libyan entity" include:

(a) Any corporation, partnership, association, or other entity in which the Government of Libya owns a majority or controlling interest, any entity substantially managed or funded by that government, and any entity which is otherwise controlled by that government;

(b) Any agency or instrumentality of the Government of Libya, including the Central Bank of Libya.

[51 FR 2464, Jan. 16, 1986]

§ 550.320 Banking institution.

The term "banking institution" shall include any person engaged primarily or incidentally in the business of banking, of granting or transferring credits, or of purchasing or selling foreign exchange or procuring purchasers and sellers thereof, as principal or agent, or any person holding credits for others as a direct or incidental part of its business, or any broker; and each principal, agent, home office, branch or correspondent of any person so engaged shall be regarded as a separate "banking institution."

[51 FR 2464, Jan. 16, 1986]

Subpart D—Interpretations

§ 550.401 Reference to amended sections.

Reference to any section of this part or to any regulation, ruling, order, instruction, direction or license issued pursuant to this part shall be deemed to refer to the same as currently amended unless otherwise so specified.

§ 550.402 Effect of amendment of sections of this part or of other orders, etc.

Any amendment, modification, or revocation of any section of this part or of any order, regulation, ruling, instruction, or license issued by or under the direction of the Secretary of the Treasury pursuant to section 203 of the International Emergency Economic Powers Act shall not, unless otherwise specifically provided, be deemed to affect any act done or omitted to be done, or any suit or proceeding had or commenced in any civil or criminal case prior to such amendment, modification, or revocation, and all penalties, forfeitures, and liabilities under any such order, regulation, ruling, instruction or license shall continue and may be enforced as if such amendment, modification, or revocation had not been made.

§ 550.403 Extensions of credits or loans to Libya.

(a) The prohibition in § 550.205 applies to the unlicensed renewal of credits or loans in existence on the effective date.

(b) The prohibition in § 550.205 applies to credits or loans extended in any currency.

§ 550.404 Import and export of goods in transit before the effective date.

(a) Section 550.201 does not apply to goods:

(1) If imported by vessel, where the vessel arrives within the limits of a port in the United States prior to the effective date with the intent to unlade such goods; or

(2) If imported other than by vessel, where the goods arrive within the Customs territory of the United States before the effective date.

(b) Section 550.202 does not apply to goods:

(1) If exported by vessel or airline, where the goods are laden on board before the effective date; or

(2) If exported other than by vessel or airplane, where the goods have left the United States before the effective date.

[51 FR 1354, Jan. 10, 1986, as amended at 51 FR 2464, Jan. 16, 1986]

§ 550.405 Payments in connection with certain authorized transactions.

Payments are authorized in connection with transactions authorized under Subpart E.

§ 550.406 Offshore transactions.

(a) The prohibitions contained in § 550.201 do not apply to the importation into locations outside the United States of goods or services of Libyan origin.

(b) The prohibitions contained in § 550.202 do not apply to the export of goods to or destined for Libya from locations outside the United States. Such exports, however, may require authorization from the Department of Commerce under the Export Administration Regulations, 15 CFR Parts 370-399.

§ 550.407 Transshipment through the United States prohibited.

(a) The prohibitions in § 550.202 apply to the import into the United States, for transshipment or transit, of goods which are intended or destined for Libya.

(b) The prohibitions in § 550.201 apply to the import into the United States, for transshipment or transit, of goods of Libyan origin which are intended or destined for third countries.

§ 550.408 Imports from third countries; transshipments.

(a) Imports into the United States from third countries of goods containing raw materials or components of Libyan origin are not prohibited if those raw materials or components have been incorporated into manufactured products or otherwise substantially transformed in a third country.

(b) Imports into the United States of goods of Libyan origin which have been transshipped through a third country without being incorporated into manufactured products or otherwise substantially transformed in a third country are prohibited.

§ 550.409 Exports to third countries; transshipment.

(a) Exports of goods or technology (including technical data and other information) from the United States to third countries are prohibited if the exporter knows, or has reason to know, that:

(1) The goods or technology are intended for transshipment to Libya (including passage through, or storage in, intermediate destinations) without coming to rest in a third country and without being substantially transformed or incorporated into manufactured products in a third country, or

(2) The exported goods are intended specifically for substantial transformation or incorporation in a third country into products to be used in Libya in the petroleum or petrochemical industry, or

(3) The exported technology is intended specifically for use in a third country in the manufacture of, or for incorporation into, products to be used in Libya in the petroleum or petrochemical industry.

(b) For the purposes of paragraph (a) of this section:

(1) The scope of activities encompassed by the petroleum and petrochemical industries shall include, but not be limited to, the following activities: Oil, natural gas, natural gas liquids, or other hydrocarbon exploration (including geophysical and geological assessment activity), extraction, production, refining, distillation, cracking, coking, blending, manufacturing, and transportation; petrochemical production, processing, manufacturing, and transportation;

(2) Exports subject to the prohibition in paragraph (a) of this section, include not only goods and technology for use in third-country products uniquely suited for use in the petroleum or petrochemical industry, such as oilfield services equipment, but also goods and technology for use in products, such as computers, office equipment, construction equipment, or building materials, which are suitable for use in other industries, but which are intended specifically for use in the petroleum or petrochemical industry; and

(3) Goods and technology are intended specifically for a third-country product to be used in Libya if the particular product is being specifically manufactured to fill a Libyan order or if the manufacturer's sales of the particular product are predominantly to Libya.

(c) Specific licenses may be issued to authorize exports to third countries otherwise prohibited by paragraph (a)(2) of this section in appropriate cases, such as those involving extreme hardship or where the resulting third-country products will have insubstantial U.S. content.

(d) Exports of goods or technology from the United States to third countries are not prohibited where the exporter has reasonable cause to believe that:

(1) Except as otherwise provided in paragraph (a) of this section, the goods will be substantially transformed or incorporated into manufactured products before export to Libya, or

(2) The goods will come to rest in a third country for purposes other than reexport to Libya, *e.g.*, for purposes of restocking the inventory of a distributor whose sales of the particular goods are not predominantly to Libya, or

(3) The technology will come to rest in a third country for purposes other than reexport to Libya.

(e) * * *NOTE: Exports or reexports of goods and technical data, or of the direct products of technical data (regardless of U.S. content), not prohibited by this part may require authorization from the U.S. Department of Commerce pursuant to the Export Administration Act of 1979, as amended, 50 U.S.C. App. section 2401 *et seq.*, and the Export Administration Regulations implementing that Act, 15 CFR Parts 368 through 399.

[51 FR 22803, June 23, 1986]

EFFECTIVE DATE NOTE: At 51 FR 22803, June 23, 1986, § 550.409 was revised, effective July 7, 1986. For the convenience of the user, the superseded text is set forth as follows:

§ 550.409 Exports to third countries; transshipments.

(a) Exports from the United States to third countries of goods to be incorporated into products for re-export to Libya are not prohibited where the exporter has reasonable cause to believe

(1) That the goods will be incorporated into manufactured products or otherwise substantially transformed before shipment to Libya, or

(2) That the goods will come to rest in a third country for purposes other than reshipment to Libya, *e.g.*, for purposes of restocking the inventory of a distributer.

(b) Exports from the United States to third countries are prohibited where the exporter has reason to believe that the goods will be transshipped to Libya without being incorporated into manufactured products or otherwise substantially transformed in a third country.

§ 550.410 Release from bonded warehouse or foreign trade zone.

Section 550.201 does not prohibit the release from a bonded warehouse or a foreign trade zone of goods of Libyan origin imported into a bonded warehouse or a foreign trade zone prior to the effective date.

§ 550.411 Publications.

For purposes of this part, publications include books, newspapers, magazines, films, phonograph records, tape recordings, photographs, microfilm, microfiche, and posters, including items described in the following:

(a) 15 CFR 399.1, Control List, Group 5, CL No. 7599I: microfilm that reproduces the content of certain publications, and similar materials.

(b) 15 CFR 399.1, Control List, Group 9, CL No. 7999I: certain publications and related materials.

§ 550.412 Termination and acquisition of an interest of the Government of Libya.

(a) Whenever a transaction licensed or authorized by or pursuant to this part results in the transfer of property (including any property interest) away from the Government of Libya, such property shall no longer be deemed to be property in which the Government of Libya has or has had an interest unless there exists in the property another such interest the transfer of which has not been effected pursuant to license or other authorization.

(b) Unless otherwise specifically provided in a license or authorization issued pursuant to this part, if property (including any property interest) is transferred to the Government of Libya, such property shall be deemed to be property in which there exists an interest of the Government of Libya.

[51 FR 2464, Jan. 16, 1986]

§ 550.413 Payments to Libya prohibited.

The prohibition of transfers of property or interests in property to the Government of Libya in § 550.209 applies to payments and transfers of any kind whatsoever, including payment of debt obligations, fees, taxes, and royalties owed to the Government of Libya, and also including payment or transfer of dividend checks, interest payments, and other periodic payments. Such payments may be made into blocked accounts as provided in § 550.511.

[51 FR 2464, Jan. 16, 1986]

§ 550.414 Exports of Libyan-titled goods.

(a) The prohibitions contained in § 550.209 shall apply to any goods in the possession or control of a U.S. person if the Government of Libya had title to such property as of 4:10 p.m. e.s.t., on January 8, 1986, or acquired title after such time.

(b) Section 550.209 does not prohibit the export to Libya of the goods described in paragraph (a) of this section if such export is either not prohibited by § 550.202 or permitted by an authorization or license issued pursuant to this part.

(c) If the goods described in paragraph (a) of this section are not exported as described in paragraph (b) of this section, the property shall remain blocked and no change in title or other transaction regarding such property is permitted, except pursuant to an authorization or license issued pursuant to this part.

[51 FR 2464, Jan. 16, 1986]

§ 550.415 Advance payments.

The prohibitions contained in § 550.209 do not apply to goods manufactured, consigned, or destined for export to Libya, if the Government of Libya did not have title to such goods on or at any time after 4:10 p.m. e.s.t., January 8, 1986. However, if such goods are not exported to Libya prior to 12:01 p.m. e.s.t., February 1, 1986, then any advance payment received in connection with such property is subject to the prohibitions contained in § 550.209.

[51 FR 2464, Jan. 16, 1986]

§ 550.416 Imports of Libyan goods and purchases of goods from Libya.

The prohibitions contained in § 550.209 shall not apply to the goods described in §§ 550.201 and 550.204 if the importation or purchase of such goods is either not prohibited by §§ 550.201 and 550.204 or permitted by an authorization or license issued pursuant to this part. However, any payments in connection with such imports or purchases are subject to the prohibitions contained in § 550.209.

[51 FR 2464, Jan. 16, 1986]

§ 550.417 Letters of credit.

(a) *Q*. Prior to 4:10 p.m. e.s.t., January 8, 1986, a bank that is a U.S. person has issued or confirmed a documentary letter of credit for the Government of Libya as account party in favor of a U.S. person. The bank does not hold funds for the Government of Libya out of which it could reimburse itself for payment under the letter of credit. The U.S. person presents documentary drafts for exports to Libya made after 4:10 p.m. e.s.t., January 8, 1986. May the bank pay the U.S. exporter against the drafts?

A. No. Such a payment is prohibited by §§ 550.206 and 550.209, as an extension of credit to the Government of Libya and a transfer of property in which there is an interest of the Government of Libya.

(b) *Q*. On the same facts as in paragraph (a), the bank holds deposits for the Government of Libya. May it pay on the letter of credit and debit the blocked funds for reimbursement?

A. No. A debit to a blocked account is prohibited by § 550.209 except as licensed.

(c) *Q*. On the same facts as in paragraph (a), the Government of Libya, after 4:10 p.m. e.s.t., January 8, 1986, transfers funds to the bank to collateralize the letter of credit for purposes of honoring the obligation to the U.S. exporter. Is the transfer authorized and may the bank pay against the draft?

A. Yes. In accordance with § 550.515, the transfer by the Government of Libya to the bank is licensed. The funds are not blocked and the bank is authorized to pay under the letter of credit and reimburse itself from the funds.

(d) *Q*. Prior to 4:10 p.m. e.s.t., January 8, 1986, a foreign bank confirms a documentary letter of credit issued by its U.S. agency or branch for a non-Libyan account party in favor of a Libyan entity. Can the U.S. agency or branch of the foreign bank transfer funds to that foreign bank in connection with that foreign bank's payment under the letter of credit?

A. No, the payment of the U.S. agency or branch is blocked, unless the foreign bank made payment to the Libyan entity prior to 4:10 p.m. e.s.t., January 8, 1986.

[51 FR 2465, Jan. 16, 1986]

§ 550.418 Payments from blocked accounts for U.S. exporters and other obligations prohibited.

No debits may be made to a blocked account to pay obligations to U.S. persons or other persons, including payment for goods, technology or services exported prior to 12:01 a.m. e.s.t., February 1, 1986, except as authorized pursuant to this part.

[51 FR 2465, Jan. 16, 1986]

§ 550.419 Acquisition of instruments, including bankers' acceptances.

Section 550.209 prohibits the acquisition by any U.S. person of any obligation, including bankers' acceptances, in which the documents evidencing the obligation indicate, or the U.S. person has actual knowledge, that the transaction being financed covers property in which, on or after 4:10 p.m. e.s.t., January 8, 1986, the Government of Libya has an interest of any nature whatsoever.

[51 FR 2465, Jan. 16, 1986]

§ 550.420 Indirect payments to the Government of Libya.

The prohibition in § 550.209 on payments or transfers to the Government of Libya applies to indirect payments (including reimbursement of a non-U.S. person for payment, as, for example, on a guarantee) made after 4:10 p.m. e.s.t., January 8, 1986.

[51 FR 2465, Jan. 16, 1986]

§ 550.421 Setoffs prohibited.

A setoff against a blocked account, whether by a bank or other U.S. person, is a prohibited transfer under § 550.209 if effected after 4:10 p.m. e.s.t., January 8, 1986.

[51 FR 2465, Jan. 16, 1986]

Subpart E—Licenses, Authorizations, and Statements of Licensing Policy

§ 550.501 Effect of license or authorization.

(a) No license or other authorization contained in this part, or otherwise issued by or under the direction of the Secretary of the Treasury pursuant to section 203 of the International Emergency Economic Powers Act, shall be deemed to authorize or validate any transaction effected prior to the issuance of the license, unless such license or other authorization specifically so provides.

(b) No regulation, ruling, instruction, or license authorizes a transaction prohibited under this part unless the regulation, ruling, instruction, or license is issued by the Treasury Department and specifically refers to this part. No regulation, ruling, instruction, or license referring to this part shall be deemed to authorize any transactions prohibited by any provision of Parts 500, 505, 515, 520, 535, 540, or 545 of this chapter unless the regulation, ruling, instruction or license specifically refers to such provision.

(c) Any regulation, ruling, instruction, or license authorizing a transaction otherwise prohibited under this part has the effect of removing a prohibition or prohibitions in Subpart B from the transaction, but only to the extent specifically stated by its terms. Unless the regulation, ruling, instruction, or license otherwise specifies, such an authorization does not create any right, duty, obligation, claim, or interest in, or with respect to, any property which would not otherwise exist under ordinary principles of law.

§ 550.502 Exclusion from licenses and authorizations.

The Secretary of the Treasury reserves the right to exclude any person or property from the operation of any license or to restrict the applicability thereof to any person or property. Such action shall be binding upon all persons receiving actual or constructive notice thereof.

§ 550.503 Imports pursuant to Executive Order 12538.

Petroleum products loaded aboard maritime vessels at any time prior to November 17, 1985 may be imported into the United States if such importation would be permitted pursuant to Executive Order 12538 of November 15, 1985 (50 FR 47527).

§ 550.504 Certain exports authorized.

All transactions ordinarily incident to the exportation of any item, commodity, or product from the United States to or destined for Libya are authorized if such exports are authorized under one or more of the following regulations administered by the Department of Commerce:

(a) 15 CFR 371.6, General license BAGGAGE: accompanied and unaccompanied baggage;

(b) 15 CFR 371.13, General license GUS: shipments to personnel and agencies of the U.S. Government;

(c) 15 CFR 371.18, General license GIFT: shipments of gift parcels;

(d) 15 CFR 379.3, General license GTDA: technical data available to all destinations.

§ 550.505 Certain imports for diplomatic or official personnel authorized.

All transactions ordinarily incident to the importation of any goods or services into the United States from Libya are authorized if such imports are destined for official or personal use by personnel employed by Libyan missions to international organizations located in the United States, and such imports are not for resale.

§ 550.506 Certain services relating to participation in various events authorized.

The importation of services of Libyan origin into the United States is authorized where a Libyan national enters the United States on a visa issued by the State Department for the purpose of participating in a public conference, performance, exhibition or similar event.

§ 550.507 Import of publications authorized.

The importation into the United States is authorized of all Libyan publications as defined in § 550.411.

§ 550.508 Import of certain gifts authorized.

The importation into the United States is authorized for goods of Libyan origin sent as gifts to persons in the United States where the value of the gift is not more than $100.

§ 550.509 Import of accompanied baggage authorized.

Persons entering the United States directly or indirectly from Libya are authorized to import into the United States personal accompanied baggage normally incident to travel.

§ 550.510 Telecommunications and mail transactions authorized.

All transactions of common carriers incident to the receipt or transmission of telecommunications and mail between the United States and Libya are authorized.

§ 550.511 Payments to blocked accounts in domestic banks.

(a) Any payment or transfer of credit, including any payment or transfer by any U.S. person outside the United States, to a blocked account in a domestic bank in the name of the Government of Libya is hereby authorized, provided that such payment or transfer shall not be made from any blocked account if such payment or transfer represents, directly or indirectly, a transfer of any interest of the Government of Libya to any other country or person.

(b) This section does not authorize any transfer from a blocked account within the United States to an account held by any bank outside the United States. This section only authorizes payment into a blocked account held by a domestic bank as defined in § 550.317.

(c) This section does not authorize:

(1) Any payment or transfer to any blocked account held in a name other than that of the Government of Libya where such government is the ultimate beneficiary of such payment or transfer; or

(2) Any foreign exchange transaction in the United States including, but not by way of limitation, any transfer of credit, or payment of an obligation, expressed in terms of the currency of any foreign country.

(d) This section does not authorize any payment or transfer of credit comprising an integral part of a transaction which cannot be effected without the subsequent issuance of a further license.

(e) This section does not authorize the crediting of the proceeds of the sale of securities held in a blocked account or a sub-account thereof, or the income derived from such securities to a blocked account or sub-account under any name or designation which differs from the name or designation of the specific blocked account or sub-account in which such securities were held.

(f) This section does not authorize any payment or transfer from a blocked account in a domestic bank to a blocked account held under any name or designation which differs from the name or designation of the specified blocked account or sub-account from which the payment or transfer is made.

(g) The authorization in paragraph (a) of this section is subject to the condition that written notification from the domestic bank receiving an authorized payment or transfer is furnished by the transferor to the Office of Foreign Assets Control confirming that the payment or transfer has been deposited in a blocked account under the regulations in this part and providing the account number, the name and address of the Libyan entity in whose name the account is held, and the name and address of the domestic bank.

(h) This section authorizes transfer of a blocked demand deposit account to a blocked interest-bearing account in the name of the same person at the instruction of the depositor at any time. If such transfer is to a blocked account in a different domestic bank, such bank must furnish notification as described in paragraph (g) of this section.

[51 FR 2465, Jan. 16, 1986]

§ 550.512 Payment of certain checks and drafts and documentary letters of credit.

(a) A bank which is a U.S. person is hereby authorized to make payments from blocked accounts within such bank of checks and drafts drawn or issued prior to 4:10 p.m. e.s.t., January 8, 1986, provided that:

(1) The amount involved in any one payment, acceptance, or debit does not exceed $5,000; or

(2) The check or draft was in process of collection by a bank which is a U.S. person on or prior to such date and does not exceed $50,000; or

(3) The check or draft is in payment for goods furnished or services rendered by a non-Libyan entity prior to 4:10 p.m. e.s.t., January 8, 1986.

(4) The authorization contained in paragraph (a) of this section, shall expire at 12:01 a.m., February 17, 1986.

(b) Payments are authorized from blocked accounts of documentary drafts drawn under irrevocable letters of credit issued or confirmed in favor of a non-Libyan entity by a bank which is a U.S. person prior to 4:10 p.m. e.s.t., January 8, 1986, provided that (1) the goods that are the subject of the payment under the letter of credit have been exported prior to 4:10 p.m. e.s.t., January 8, 1986; and (2) payment under the letter of credit is made by 12:01 a.m. e.s.t., February 17, 1986.

(c) Paragraphs (a) and (b) of this section, do not authorize any payment to a Libyan entity except payments into a blocked account in a domestic bank in accordance with § 550.511.

[51 FR 2465, Jan. 16, 1986]

§ 550.513 Completion of certain securities transactions.

(a) Banking institutions within the United States are hereby authorized to complete, on or before January 21, 1986, purchases and sales made prior to 4:10 p.m. e.s.t., January 8, 1986, of securities purchased or sold for the account of the Government of Libya provided the following terms and conditions are complied with, respectively:

(1) The proceeds of such sale are credited to a blocked account in a banking institution within the United States in the name of the person for whose account the sale was made; and

(2) The securities so purchased are held in a blocked account in a banking institution within the United States in the name of the person for whose account the purchase was made.

(b) This section does not authorize the crediting of the proceeds of the sale of securities held in a blocked account or a sub-account thereof, to a blocked account or sub-account under any name or designation which differs from the name or designation of the specific blocked account or sub-account in which such securities were held.

[51 FR 2466, Jan. 16, 1986]

§ 550.514 Transfers between accounts located in the United States for credit to Government of Libya.

Transfers are authorized by order of a foreign bank which is not a Libyan entity from its account in a domestic bank (directly or through a foreign branch or subsidiary of a domestic bank) to an account held by a domestic bank (directly or through a foreign branch or subsidiary) for a second foreign bank which is not a Libyan entity and which in turn credits an account held by it abroad for the Government of Libya. For purposes of this section, "foreign bank" includes a foreign subsidiary, but not a foreign branch, of a domestic bank.

[51 FR 2466, Jan. 16, 1986]

§ 550.515 Payment by the Government of Libya of obligations to persons within the United States.

(a) The transfer of funds after 4:10 p.m. e.s.t., January 8, 1986, by, through, or to any banking institution or other person within the United States solely for purposes of payment of obligations owed by the Government of Libya to persons within the United States is authorized, provided that there is no debit to a blocked account. Property is not blocked by virtue of being transferred or received pursuant to this section.

(b) A person receiving payment under this section may distribute all or part of that payment to anyone, provided that any such payment to the Government of Libya must be to a blocked account in a domestic bank.

[51 FR 2466, Jan. 16, 1986]

§ 550.516 Unblocking of foreign currency deposits held by U.S. persons overseas.

Deposits in currencies other than U.S. dollars held abroad by U.S. persons are unblocked, provided, however, that conversions of blocked dollar deposits into foreign currencies are not authorized.

[51 FR 2466, Jan. 16, 1986]

§ 550.560 Transactions related to travel to, and residence within, Libya by immediate family members of Libyan nationals.

(a) *General License.* Subject to compliance with the registration requirements set forth in paragraph (d) of this section, the following transactions are authorized in connection with travel to, from and within Libya and residence within Libya by U.S. citizens and permanent resident aliens who are immediate family members of Libyan nationals:

(1) All transportation-related transactions ordinarily incident to travel to, from and within Libya.

(2) All transactions ordinarily incident to residence within Libya, including payment of living expenses and the acquisition in Libya of goods for personal use or consumption there.

(3) All transactions incident to the processing and payment of checks, drafts, traveler's checks, and similar instruments negotiated in Libya by any person licensed under this section.

(4) The purchase within Libya and importation as accompanied baggage of items for noncommercial use, provided that the aggregate value of such purchases imported into the United States conforms to limitations established by the United States Customs Service.

(b) *Definition.* For purposes of this section, the term "immediate family member" means a spouse, child, parent, mother-in-law, father-in-law, son-in-law or daughter-in-law.

(c) *Specific Licenses.* Specific licenses authorizing the transactions set forth in paragraph (a) of this section may be issued in appropriate cases to persons similarly situated to the persons described in paragraph (b) of this section where such specific licenses are necessary to preserve the integrity of established family units.

(d) *Registration.* (1) The general license set forth in this section is available only to those U.S. citizens and permanent resident aliens who register their eligibility in writing with either of the following:

Embassy of Belgium, Ali Obeydah St., Ibn El Jarah No. 1, Immeuble Chirlando, Tripoli, Libya, Telephone: 37797

or

Licensing Section, Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220, Telephone: (202) 376-0236.

Registration under this paragraph is deemed complete upon receipt at one of the above addresses of a letter, signed by or on behalf of each eligible U.S. citizen or permanent resident alien being registered, containing the following information:

(i) The name and the date and place of birth of the U.S. citizen(s) or permanent resident alien(s) registering (the "registrant"), including the name on which the registrant's most recent U.S. passport or Alien Registration Receipt Card was issued, if different;

(ii) If applicable, the place and date of the registrant's naturalization as a U.S. citizen, and the number of the registrant's naturalization certificate, *or,* for permanent resident aliens, the Alien Registration Number of the registrant's Alien Registration Receipt Card;

(iii) The name, relationship, and address of the Libyan national with whom the registrant resides as an immediate family member and whose relationship forms the basis for the registrants's eligibility under this general license; and

(iv) The number and issue date of the registrant's current U.S. passport, and the most recent date on which the passport was validated by the U.S. Department of State for travel to Libya; *or,* if the registrant does not hold a current U.S. passport, the country, issue date, and number of the registrant's current passport or other travel document, if any.

(2) The lack of validation of a registrant's U.S. passport for travel to Libya does not affect eligibility for the benefits of the general license set forth in this section for persons who otherwise qualify. Current information on travel document status as requested in paragraph (d)(1) of this section must, however, be furnished to register a registrant's eligibility for this license.

(e) *Other Requirements.* The general license set forth in this section shall not operate to relieve any person licensed hereunder from compliance with any other U.S. legal requirements applicable to the transactions authorized pursuant to paragraph (a) of this section.

[51 FR 19752, June 2, 1986]

EDITORIAL NOTE: The information collection requests contained in § 550.560 were submitted to the Office of Management and Budget (OMB). Notice of OMB action on these requests will be published in the FEDERAL REGISTER at a later date.

§ 550.568 Certain standby letters of credit and performance bonds.

(a) Notwithstanding any other provision of law, payment into a blocked account in a domestic bank by an issuing or confirming bank under a standby letter of credit in favor of a Libyan entity is prohibited by § 550.209 and not authorized, notwithstanding the provisions of § 550.511, if either (1) a specific license has been issued pursuant to the provisions of paragraph (b) of this section or (2) ten business days have not expired after notice to the account party pursuant to paragraph (b) of this section.

(b) Whenever an issuing or confirming bank shall receive such demand for payment under such a standby letter of credit, it shall promptly notify the account party. The account party may then apply within five business days for a specific license authorizing the account party to establish a blocked account on its books in the name of the Libyan entity in the amount payable under the credit, in lieu of payment by the issuing or confirming bank into a blocked account and reimbursement therefor by the account party. Nothing in this section relieves any such bank or such account party from giving any notice of defense against payment or reimbursement that is required by applicable law.

(c) Where there is outstanding a demand for payment under a standby letter of credit, and the issuing or confirming bank has been enjoined from making payment, upon removal of the injunction, the account party may apply for a specific license for the same purpose and in the same manner as that set forth in paragraph (b) of this section. The issuing or confirming bank shall not make payment under the standby letter of credit unless (1) ten business days have expired since the bank has received notice of the removal of the injunction and (2) a specific license issued to the account party pursuant to the provisions of this paragraph has not been presented to the bank.

(d) If necessary to assure the availability of the funds blocked, the Secretary may at any time require the payment of the amounts due under any letter of credit described in paragraph (a) of this section into a blocked account in a domestic bank or the supplying of any form of security deemed necessary.

(e) Nothing in this section precludes the account party on any standby letter of credit or any other person from at any time contesting the legality of the demand from Libyan entity or from raising any other legal defense to payment under the standby letter of credit.

(f) This section does not affect the obligation of the various parties of the instruments covered by this section if the instruments and payments thereunder are subsequently unblocked.

(g) For the purposes of this section, (1) the term "standby letter of credit" shall mean a letter of credit securing performance of, or repayment of any advance payments or deposits under, a contract with the Government of Libya, or any similar obligation in the nature of a performance bond; and (2) the term "account party" shall mean the person for whose account the standby letter of credit is opened.

(h) The regulations do not authorize any U.S. person to reimburse a non-U.S. bank for payment to the Government of Libya under a standby letter of credit, except by payments into a blocked account in accordance with § 550.511 or paragraph (b) or (c) of this section.

(i) A person receiving a specific license under paragraph (b) or (c) of this section shall certify to the Office of Foreign Assets Control within five business days after receipt of that license that it has established the blocked account on its books as provided for in those paragraphs. However, in appropriate cases, this time period may be extended upon application to the Office of Foreign Assets Control when the account party has filed a petition with an appropriate court seeking a judicial order barring payment by the issuing or confirming bank.

(j) The extension or renewal of a standby letter of credit is authorized.

[51 FR 2466, Jan. 16, 1986]

Subpart F—Reports

§ 550.601 Required records.

Every person engaging in any transaction subject to this part shall keep a full and accurate record of each transaction in which he engages, including any transaction effected pursuant to license or otherwise, and such records shall be available for examination for at least two years after the date of such transaction.

§ 550.602 Reports to be furnished on demand.

Every person is required to furnish under oath, in the form of reports or otherwise, at any time as may be required, complete information relative to any transaction subject to this part, regardless of whether such transaction is effected pursuant to license or otherwise. Such reports may be required to include the production of any books of account, contracts, letters, and other papers connected with any transaction in the custody or control of the persons required to make such reports. Reports with respect to transactions may be required either before or after such transactions are completed. The Secretary of the Treasury may, through any person or agency, conduct investigations, hold hearings, administer oaths, examine witnesses, receive evidence, take depositions, and require by subpoena the attendance and testimony of witnesses and the production of all books, papers, and documents relating to any matter under investigation.

[51 FR 1354, Jan. 10, 1986, as amended at 51 FR 2467, Jan. 16, 1986]

Subpart G—Penalties

§ 550.701 Penalties.

(a) Attention is directed to section 206 of the International Emergency Economic Powers Act, 50 U.S.C. 1705, which provides in part:

> A civil penalty of not to exceed $10,000 may be imposed on any person who violates any license, order, or regulation issued under this title.
>
> Whoever willfully violates any license, order, or regulation issued under this title shall, upon conviction, be fined not more than $50,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment, or both.

This section of the International Emergency Economic Powers Act is applicable to violations of any provision of this part and to violations of the provisions of any license, ruling, regulation, order, direction, or instruction issued by or pursuant to the direction or authorization of the Secretary of the Treasury pursuant to this part or otherwise under the International Emergency Economic Powers Act.

(b) Attention is also directed to 18 U.S.C. 1001, which provides:

> Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representation or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than $10,000 or imprisoned not more than five years, or both.

(c) Violations of this part may also be subject to relevant provisions of the Customs laws and other applicable laws.

§ 550.702 Detention of shipments.

Import shipments into the United States of goods of Libyan origin in violation of § 550.201 and export shipments from the United States of goods destined for Libya in violation of § 550.202 shall be detained. No such import or export shall be permitted to proceed, except as specifically authorized by the Secretary of the Treasury. Such shipments shall be subject to licensing, penalties or forfeiture action, under the Customs laws or other applicable provision of law, depending on the circumstances.

Subpart H—Procedures

§ 550.801 Licensing.

(a) *General licenses.* General licenses have been issued authorizing under appropriate terms and conditions certain types of transactions which are subject to the prohibitions contained in Subpart B of this part. All such licenses are set forth in Subpart E of this part. It is the policy of the Office of Foreign Assets Control not to grant applications for specific licenses authorizing transactions to which the provisions of an outstanding general license are applicable. Persons availing themselves of certain general licenses may be required to file reports and statements in accordance with the instructions specified in those licenses.

(b) *Specific licenses*—(1) *General course of procedure.* Transactions subject to the prohibitions contained in Subpart B of this part which are not authorized by general license may be effected only under specific licenses. The specific licensing activities of the Office of Foreign Assets Control are performed by its Washington office and by the Foreign Assets Control Division of the Federal Reserve Bank of New York.

(2) *Applications for specific licenses.* Applications for specific licenses to engage in any transaction prohibited under this part are to be filed in duplicate with the Federal Reserve Bank of New York, Foreign Assets Control Division, 33 Liberty Street, New York, NY 10045. Any person having an interest in a transaction or proposed transaction may file an application for a license authorizing such transaction, and there is no requirement that any other person having an interest in such transaction shall or should join in making or filing such application.

(3) *Information to be supplied.* The applicant must supply all information specified by the respective forms and instructions. Such documents as may be relevant shall be attached to each application except that documents previously filed with the Office of Foreign Assets Control may, where appropriate, be incorporated by reference. Applicants may be required to furnish such further information as is deemed necessary to a proper determination by the Office of Foreign Assets Control. Failure to furnish necessary information will not be excused because of any provision of Libyan law. If an applicant or other party in interest desires to present additional information or discuss or argue the application, he may do so at any time before or after decision. Arrangements for oral presentation should be made with the Office of Foreign Assets Control.

(4) *Effect of denial.* The denial of a license does not preclude the reopening of an application or the filing of a further application. The applicant or any other party in interest may at any time request explanation of the reasons for a denial by correspondence or personal interview.

(5) *Reports under specific licenses.* As a condition of the issuance of any license, the licensee may be required to file reports with respect to the transaction covered by the license, in such form and at such times and places as may be prescribed in the license or otherwise.

(6) *Issuance of license.* Licenses will be issued by the Office of Foreign Assets Control acting on behalf of the Secretary of the Treasury or by the Federal Reserve Bank of New York, acting in accordance with such regulations, rulings, and instructions as the Secretary of the Treasury or the Office of Foreign Assets Control may from time to time prescribe, or licenses may be issued by the Secretary of the

Treasury acting directly or through a designated person, agency, or instrumentality.

§ 550.802 Decisions.

The Office of Foreign Assets Control or the Federal Reserve Bank of New York will advise each applicant of the decision respecting filed applications. The decision of the Office of Foreign Assets Control with respect to an application shall constitute a final agency action.

§ 550.803 Amendment, modification, or revocation.

The provisions of this part and any rulings, licenses, authorizations, instructions, orders or forms issued hereunder may be amended, modified, or revoked at any time.

§ 550.804 Rulemaking.

(a) All rules and other public documents are issued by the Secretary of the Treasury upon recommendation of the Director of the Office of Foreign Assets Control. Except to the extent that there is involved any military, naval, or foreign affairs function of the United States or any matter relating to agency management or personnel or to public property, loans, grants, benefits, or contracts, and except when interpretive rules, general statements of policy, or rules of agency organization, practice, or procedure are involved, or when notice and public procedure are impracticable, unnecessary, or contrary to the public interest, interested persons will be afforded an opportunity to participate in rulemaking through the submission of written data, views, or arguments, with oral presentation at the discretion of the Director. In general, rulemaking by the Office of Foreign Assets Control involves foreign affairs functions of the United States. Wherever possible, however, it is the practice to hold informal consultations with interested groups or persons before the issuance of any rule or other public document.

(b) Any interested person may petition the Director of the Office of Foreign Assets Control in writing for the issuance, amendment or revocation of any rule.

§ 550.805 Delegation by the Secretary of the Treasury.

Any action which the Secretary of the Treasury is authorized to take pursuant to Executive Order 12543 may be taken by the Director of the Office of Foreign Assets Control, or by any other person to whom the Secretary of the Treasury has delegated authority so to act.

§ 550.806 Rules governing availability of information.

(a) The records of the Office of Foreign Assets Control which are required by 5 U.S.C. 552 to be made available to the public shall be made available in accordance with the definitions, procedures, payment of fees, and other provisions of the regulations on the disclosure of records of the Office of the Secretary and of other bureaus and offices of the Department issued under 5 U.S.C. 552 and published as part 1 of this Title 31 of the Code of Federal Regulations.

(b) Any form issued for use in connection with this part may be obtained in person from or by writing to the Office of Foreign Assets Control, Treasury Department, Washington, DC 20220, or the Foreign Assets Control Division, Federal Reserve Bank of New York, 33 Liberty Street, New York, NY 10045.

§ 550.807 Customs procedures: merchandise specified in § 550.201.

(a) With respect to merchandise specified in § 550. 201, appropriate Customs officers shall not accept or allow any:

(1) Entry for consumption or warehousing (including any appraisement entry, any entry of goods imported in the mails, regardless of value, and any informal entry);

(2) Entry for immediate exportation;

(3) Entry for transportation and exportation;

(4) Entry for immediate transportation;

(5) Withdrawal from warehouse;

(6) Entry, transfer or withdrawal from a foreign trade zone; or

(7) Manipulation or manufacture in a warehouse or in a foreign trade zone, unless:

(i) The merchandise was imported prior to 12:01 a.m., Eastern Standard Time, February 1, 1986, or

(ii) A specific license pursuant to this part is presented, or

(iii) Instructions from the Office of Foreign Assets Control, either directly or through the Federal Reserve Bank of New York, authorizing the transactions are received.

(b) Whenever a specific license is presented to an appropriate Customs officer in accordance with this section, one additional legible copy of the entry, withdrawal or other appropriate document with respect to the merchandise involved shall be filed with the appropriate Customs officers at the port where the transaction is to take place. Each copy of any such entry, withdrawal or other appropriate document, including the additional copy, shall bear plainly on its face the number of the license pursuant to which it is filed. The original copy of the specific license shall be presented to the appropriate Customs officers in respect of each such transactions and shall bear a notation in ink by the licensee or person presenting the license showing the description, quantity and value of the merchandise to be entered, withdrawn or otherwise dealt with. This notation shall be so placed and so written that there will exist no possibility of confusing it with anything placed on the license at the time of its issuance. If the license in fact authorizes the entry, withdrawal or other transactions with regard to the merchandise, the appropriate Customs officer, or other authorized Customs employee, shall verify the notation by signing or initialing it after first assuring himself that it accurately describes the merchandise it purports to represent. The license shall thereafter be returned to the person presenting it and the additional copy of the entry, withdrawal or other appropriate document shall be forwarded by the appropriate Customs officer to the Office of Foreign Assets Control.

(c) If it is unclear whether an entry, withdrawal or other action affected by this section requires a specific Foreign Assets Control license, the appropriate Customs officer shall withhold action thereon and shall advise such person to communicate directly with the Federal Reserve Bank of New York, Foreign Assets Control Division, 33 Liberty Street, New York, New York 10045 to request that instructions be sent to the Customs officer to authorize him to take action with regard thereto.

Subpart I—Miscellaneous

§ 550.901 Paperwork Reduction Act Notice.

The information collection requirements in §§ 550.601 and 550.602 have been approved by the Office of Management and Budget and assigned control number 1505-0092.

[51 FR 22803, June 23, 1986]

CHAPTER VI—BUREAU OF ENGRAVING AND PRINTING, DEPARTMENT OF THE TREASURY

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PART 601—DISTINCTIVE PAPER FOR UNITED STATES CURRENCY AND OTHER SECURITIES

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601.6 Modification of Department Circular No. 121.

AUTHORITY: 80 Stat. 379, 39 Stat. 277, as amended; 5 U.S.C. 301, 31 U.S.C. 418.

SOURCE: Department Circular 394, Feb. 1, 1928, unless otherwise noted. Redesignated at 39 FR 17839, May 21, 1974.

§ 601.1 Notice to the public.

Notice is hereby given that the Secretary of the Treasury, by authority of law, has adopted a new distinctive paper for use in printing United States currency and other securities.

§ 601.2 Description of paper.

The paper is cream-white bank-note paper which closely resembles in general appearance the paper now in use, and which must conform to specifications prescribed by the Secretary of the Treasury, in which currency paper and bond paper may be differentiated. The distinctive feature, identical for all paper used for the production of paper currency and public debt issues of the United States, shall consist of small segments of fiber, either natural or synthetic, colored red and blue, incorporated in the body of the paper while in process of manufacture and evenly distributed throughout.

[Amdt. 2, 8 FR 2232, Feb. 20, 1943]

§ 601.3 Use of paper.

The new distinctive paper shall be used for printing currency of the reduced size, including United States notes, gold certificates, silver certificates, Federal reserve notes, and national bank notes. The use of the present distinctive paper adopted on July 30, 1891, the distinctive feature of which consists of localized red and blue silk fiber incorporated in the body of the paper while in the process of manufacture so placed as to form perpendicular stripes, will be continued for any printing of currency of the present size hereafter required.

§ 601.4 Use of paper; interest-bearing securities of the United States.

After the issue of the reduced size currency, the new distinctive paper shall thereafter be used for the printing of interest-bearing securities of the United States, and for any other printing where the use of distinctive paper is indicated: *Provided, however,* That any then existing stocks of blank paper containing the present distinctive feature may be utilized.

§ 601.5 Penalty for unauthorized control or possession.

The Secretary of the Treasury hereby gives notice that the new distinctive paper, together with any other distinctive paper, heretofore adopted for the printing of paper currency or other obligations or securities of the United States is and will be subject to the provisions of section 474 of Pub. L. 772, 80th Congress, which provides, in part, as follows:

> Whoever has or retains in his control or possession, after a distinctive paper has been adopted by the Secretary of the Treasury for the obligations and other securities of the United States, any similar paper adapted to the making of any such obligation or other security, except under the authority of the Secretary of the Treasury or some other proper officer of the United States, shall be fined not more than five thousand dollars, or imprisoned not more than fifteen years, or both.

§ 601.6 Modification of Department Circular No. 121.

The provisions of Department Circular No. 121, dated July 30, 1891, are modified accordingly.[1]

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[1] Department Circular No. 121, July 30, 1891, provided for a new distinctive paper for all obligations except checks and drafts, the distinctive feature of which consisted of localized red and blue silk fiber incorporated in the body of the paper while in the process of manufacture so placed as to form perpendicular stripes on either side of the center portrait or vignette.

PART 605—REGULATIONS GOVERNING CONDUCT ON BUREAU OF ENGRAVING AND PRINTING BUILDING AND GROUNDS AND BUREAU OF ENGRAVING AND PRINTING ANNEX BUILDING AND GROUNDS

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AUTHORITY: 5 U.S.C. 301; Delegation, Administrator, General Services, Treasury Department Order No. 177-25 (Revision 2).

SOURCE: 43 FR 43459, Sept. 26, 1978, unless otherwise noted.

§ 605.1 Authority.

The regulations in this part governing conduct in and on the Bureau of Engraving and Printing Building and grounds and the Bureau of Engraving and Printing Annex Building and grounds located in Washington, D.C., at 14th and C Streets SW., are promulgated pursuant to the authority vested in the Secretary of the Treasury, including 5 U.S.C. 301 and that vested in him by delegation from the Administrator of General Services, 38 FR 20650 (1973), and in accordance with the authority vested in the Director of the Bureau of Engraving and Printing by Treasury Department order No. 177-25 (revision 2), dated August 8, 1973, 38 FR 21947 (1973).

§ 605.2 Applicability.

These regulations apply to the building and grounds of the Bureau of Engraving and Printing Building and the Bureau of Engraving and Printing Annex Building located in Washington, D.C., at 14th and C Streets SW., and to all persons entering in or on such property. Unless otherwise stated herein, the Bureau of Engraving and Printing Building and grounds and the Bureau of Engraving and Printing Annex Building and grounds shall be referred to in these regulations as the "property." It is the responsibility of the occupant agencies to require observance of the regulations in this part by their employees.

§ 605.3 Recording presence.

Except as otherwise ordered, the property shall be closed to the public during other than normal working hours. The property shall also be closed to the public in emergency situations and at such other times as may be necessary for the orderly conduct of the Government's business. Admission to the property during periods when such property is closed to the public will be limited to authorized individuals who will be required to sign the register and/or display identification documents when requested by the guard. Individuals entering the property submit themselves to possible video surveillance.

§ 605.4 Preservation of property.

It shall be unlawful for any person without proper authority to willfully destroy, damage, deface, or remove property or any part thereof or any furnishings therein.

§ 605.5 Compliance with signs and directions.

Persons in and on the property shall comply with the instructions of uniformed Bureau of Engraving and Printing guards (U.S. Special Policemen), other authorized officials, and official signs of a prohibitory or directory nature.

§ 605.6 Nuisances.

The use of loud, abusive, or profane language, unwarranted loitering, unauthorized assembly, the creation of any hazard to persons or things, improper disposal of rubbish, spitting, prurient prying, the commission of any obscene or indecent act, or any other disorderly conduct on the property is prohibited. The throwing of any articles of any kind in, upon, or from the property and climbing upon any part thereof is prohibited. The entry, without specific permission, upon any part of the property to which the public does not customarily have access is prohibited.

§ 605.7 Gambling.

(a) Participating in games for money or other property, the operation of gambling devices, the conduct of a lottery or pool, the selling or purchasing of numbers tickets, or any other gambling in or on the property is prohibited.

(b) Possession in or on the property of any numbers slip or ticket, record, notation, receipt or other writing of a type ordinarily used in any illegal form of gambling such as a tip sheet or dream book, unless explained to the satisfaction of the head of the Bureau or his delegate, shall be prima facie evidence that there is participation in an illegal form of gambling in or on such property.

§ 605.8 Intoxicating beverages, narcotics, and drugs.

Entering or being on the property, or operating a motor vehicle thereon, by a person under the influence of intoxicating beverages, narcotics, hallucinogenic or dangerous drugs, or marijuana, or the consumption of such beverages or the use of such drugs or marijuana in or on the property is prohibited. Intoxicants, nonprescription narcotics, and other controlled substances (21 CFR Part 1308) are prohibited on the property.

§ 605.9 Soliciting, vending, debt collection, and distribution of handbills.

The unauthorized soliciting of alms and contributions, the commercial soliciting and vending of all kinds, the display or distribution of commercial advertising, or the collecting of private debts other than as provided by law, in or on the property is prohibited. This rule does not apply to Bureau of Engraving and Printing concessions or notices posted by authorized employees on the bulletin boards. Distribution of material such as pamphlets, handbills, and flyers is prohibited without prior approval from the Director, Bureau of Engraving and Printing, or his delegate.

§ 605.10 Photographs.

The taking of photographs on the property is prohibited, without the written permission of the Director, Bureau of Engraving and Printing. Title 18 U.S.C. 474 provides, in part, that whoever photographs any obligation or other security of the United States, or any part thereof, shall be fined not more than $5,000 or imprisoned not more than 15 years, or both.

§ 605.11 Dogs and other animals.

Dogs and other animals, except seeing-eye dogs, shall not be brought upon the property for other than official purposes.

§ 605.12 Vehicular and pedestrian traffic.

(a) Drivers of all vehicles in or on the property shall drive in a careful and safe manner at all times and shall comply with the signals and directions of guards and all posted traffic signs.

(b) The blocking of entrances, driveways, walks, loading platforms, or fire hydrants in or on the property is prohibited.

(c) Parking in or on the property is not allowed without a permit or specific authority. Parking without authority, parking in unauthorized locations or in locations reserved for other persons or continuously in excess of 8 hours without permission, or contrary to the direction of a uniformed Bureau of Engraving and Printing guard or of posted signs is prohibited.

(d) This paragraph may be supplemented from time to time with the approval of the Director, Bureau of Engraving and Printing, or his delegate by the issuance and posting of such specific traffic directives as may be required and when so issued and posted such directives shall have the same force and effect as if made a part hereof.

§ 605.13 Weapons and explosives.

No person while on the property shall carry firearms, other dangerous or deadly weapons, or explosives, either openly or concealed, except for official purposes.

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§ 605.14 Penalties and other law.

Whoever shall be found guilty of violating the regulations in this part while on the property is subject to a fine of not more than $50 or imprisonment of not more than 30 days, or both (see 40 U.S.C. 318c). Nothing contained in the regulations in this part shall be construed to abrogate any other Federal laws or regulations or those of the District of Columbia applicable to the property referred to in § 605.2 and governed by the regulations in this part.

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CHAPTER VII—FEDERAL LAW ENFORCEMENT TRAINING CENTER, DEPARTMENT OF THE TREASURY

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PART 700—REGULATIONS GOVERNING CONDUCT IN OR ON THE FEDERAL LAW ENFORCEMENT TRAINING CENTER BUILDINGS AND GROUNDS

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AUTHORITY: 5 U.S.C. 301; FPMR Tem. Reg D-54, 41 FR 5869; Treasury Dept. Order No. 217-1 FR 9398.

SOURCE: 41 FR 49808, Nov. 11, 1976, unless otherwise noted.

§ 700.1 Authority.

The regulations in this part are promulgated pursuant to the authority vested in the Secretary of the Treasury, including 5 U.S.C. 301, and that vested in him by delegation from the Administrator of General Services, 41 FR 5869, February 10, 1976, and in accordance with the authority vested in the Director, Federal Law Enforcement Training Center, by Treasury Department Order No. 217-1, 41 FR 9398, March 4, 1976.

§ 700.2 Applicability.

The regulations in this part apply to the buildings and surrounding property of the Federal Law Enforcement Training Center, Glynco, Georgia, and to all persons entering on to such property.

§ 700.3 Recording presence.

Except as otherwise ordered, the property shall be closed to the general public. Admission to the property will be limited to authorized individuals who will be required to obtain a visitor's pass and/or display identification documents when requested by the policeman at the entrance of the facility.

§ 700.4 Preservation of property.

It shall be unlawful for any person without proper authority to willfully destroy, damage, deface, or remove property or any part thereof or any furnishing therein.

§ 700.5 Compliance with signs and directions.

Persons in and on the property shall comply with the instructions of uniformed Federal Law Enforcement Training Center policemen, other authorized officials, and official signs of a prohibitory or directory nature.

§ 700.6 Nuisances.

The use of loud, abusive, or profane language, unwarranted loitering, unauthorized assembly, the creation of any hazard to persons or things, improper disposal of rubbish, or the commission of any disorderly conduct on the property is prohibited. The throwing of any articles of any kind in, upon, or from the property, except as a part of athletic activity, and climbing upon any part thereof, is prohibited. Prohibited actions in the preceding sentences are limited to those actions which impede, obstruct, or otherwise interfere with the Government's business which includes, among other things, the maintenance of the facility, protection of persons and property, and the smooth administration of academic activities and supporting services. The entry, without specific permission, upon any part of the property to which authorized visitors do not customarily have access, is prohibited.

§ 700.7 Alcoholic beverages, narcotics, and drugs.

Entering or being on the property, or operating a motor vehicle thereon, by a person under the influence of alcoholic beverages, narcotics, hallucinogenic or dangerous drugs, or marijuana is prohibited. The use of any narcotic or dangerous drug or marijuana contrary to the provisions of Federal, State, or local law in or on the property is prohibited.

§ 700.8 Soliciting, vending, debt collection and distribution of handbills.

The unauthorized soliciting of alms and contributions, the commercial soliciting and vending of all kinds, the display or distribution of commercial advertising, or the collecting of private debts, in or on the property, is prohibited. This prohibition does not apply to Federal Law Enforcement Training Center concessions or notices posted by authorized employees on the bulletin boards. Distribution of material such as pamphlets, handbills, and flyers is prohibited without prior approval from the Director or the delegate of the Director.

§ 700.9 Photographs for news, advertising, or commercial purposes.

Photographs for news, advertising, or commercial purposes may be taken on the property only with the prior permission of the Director, or the delegate of the Director.

§ 700.10 Vehicular and pedestrian traffic.

(a) Drivers of all vehicles in or on the property shall drive in a careful and safe manner at all times and shall comply with the signals and directions of policemen and all posted traffic signs. In the absence of signals, directions of policemen, and posted traffic signs, drivers of vehicles shall comply with the motor vehicle regulations of the State of Georgia.

(b) The blocking of entrances, driveways, walks, loading platforms, or fire hydrants in or on the property is prohibited.

(c) Parking in unauthorized locations, or in locations reserved for other persons or contrary to the directions of a policeman or posted signs, is prohibited.

(d) This paragraph may be supplemented from time to time with approval of the Director or his delegate by the issuance and posting of such specific traffic directives as may be required. When so issued and posted, such directives shall have the same force and effect as if made a part hereof.

§ 700.11 Weapons and explosives.

No person, while on the property, shall carry firearms, other dangerous or deadly weapons, or explosives, either openly or concealed, except for authorized training or official purposes.

§ 700.12 Penalties and other laws.

Whover shall be found guilty of violating any of the regulations of this part while on the property is subject to a fine of not more than $50 or imprisonment of not more than 30 days, or both (see 40 U.S.C. 318c). Nothing contained in these regulations shall be construed to abrogate any other Federal laws, or laws of the State of Georgia, or laws of Glynn County, which are applicable to the property referred to in § 700.2.

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223.19—223.21 Added	22779
223.22 Revised	*20965
225 Footnote 1 amended	*20965
225.8 Amended	*20965
235 Redesignated from Part 359 and heading revised	*20967
235.0—235.1 Amended	*20967

Note: Asterisk (*) identifies changes published in 1974.

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Chapter II—Continued	38 (39*) FR Page
235.2 Introductory text and (b) amended	*20967
235.3 Amended	*20967
240 Redesignated from 360 and heading revised	*20967
Footnote 1 amended	*20967
240.1 Amended	*20967
240.2—240.6 Revised	*20967
240.8 (b) amended	*20968
240.9 (a) revised	*20968
240.10 (a) amended	*20968
240.12 (d) amended	*20968
240 Appendix amended	*20968
245 Redesignated from 365 and heading revised	*20968
245.1 Amended	*20968
245.2—245.3 Revised	*20968
245.4 Amended	*20969
245.5—245.7 Revised	*20969
248 Redesignated from Part 368	*20969
248.2 Revised	*20969
250.2 Amended	*20965
250.3 (a) amended	*20965
250.4 (b)(1) and (f) amended	*20965
250.5—250.6 Amended	*20965
251.1 Amended	*20965
251.4 Amended	*20965
254.1 (b) amended	*20965
254.3 (b) and (c) amended	*20965
254.4 Amended	*20965
256.2 Amended	*20965
257.2 (a) and footnote 1 amended	*20965
257.3 Added	29218
260 Removed	18372
261.2 Removed; new 261.2 added	18372
261.7 (a) amended	*20965
270.1 Amended	*20965
270.2 (a) Introductory text and (a)(1) and (3) amended	*20965
270.3 (a) and (b) amended	*20965
270.4 Amended	*20965
281.4 Amended	*20965
281.5 (c) amended	*20965
281.6 Introductory text amended	*20965
290.3 Amended	*20965
290.6 Amended	*20965
300 Removed (redesignated as Part 601)	*17839
306.1 (a) and (b) amended	*20965

Note: Asterisk (*) identifies changes published in 1974.

31 CFR—Continued

Chapter II—Continued	38 (39*) FR Page
306.2 (r) removed; (s) redesignated as (r)	*20965
306.12 Amended	*20965
306.25—306.26 (a) amended	*20965
306.28 (a) footnote 5 amended	*20965
306.37 (a), (c), and (d) amended	*20965
306.38 Amended	*20965
306.40 (a) amended	*20965
306.43 Amended	*20965
306.45 (d) amended	*20965
306.122 Revised	*20965
308.2 Amended	*20966
309.2 Amended	*20966
309.4 Amended	*20966
309.5 (b) amended	*20966
315 Revised	*24762
315.1 (b) amended; (c) removed	*20966
315.2 (e) revised	26189
315.2 (l) amended	*20966
315.7 (f) amended	*20966
315.10 Revised	*5313
315.30 Revised	*5314
315.32 (a) revised	*5314
(g) amended	*20966
315.38 (a) amended	*20966
315.42 (h) amended	*20966
315.45 (a)(3) removed	*20966
315.46 Amended	*20966
315.47 (c) removed	*20966
315.61 (a)(4) amended	20966
315.66 (e) amended	*20966
316.10 (b) heading revised	*20966
316 Revised	*14412
316 Table 9-A added	19178
Table 34-A added	19178
Table 35-A added	19179
Table 79-A added	19179
321.11 Amended	*20966
321 Memorandum Instructions amended	*20966
322.0—322.1 Revised	*20966
322.3—322.4 Amended	*20966
328.3 (a) and (b) amended	*20966
328.6 (a) amended	*20966
328.7 Amended	*20966
330 Memorandum Instructions amended	*20966
332 Revised	*14062
332 Table 26-A corrected	22549
332.10 (c) amended	*20966
337.1 Amended	*20966
337.3 Amended	*20966

31 CFR—Continued

Chapter II—Continued

	38 (39*) FR Page
337.6 Amended	*20966
339 Footnotes 4 and 5 amended	*20966
340.2 Amended	*20966
341.1 (a) revised	*4661
341.3 (a) and (b) amended	*20966
341.8 (b), (c)(1) and (2) amended	*20966
341.9 (a) and (b)(2) amended	*20966
341.10 (a) and (b) amended	*20966
341.12 Amended	*20966
341.14 (e) amended	*20967
341.15 (a) amended	*20967
342.2 (c)(1) revised	*13508
(e) amended	20967
342.2a Revised	*13508
342.3 (a) amended	*20967
342.6 (a) amended	*20967
343 Appendix revised	*13509
343.1 (c) amended	*20967
343.2 (a) and (b) amended	*20967
343.3 Amended	*20967
343.5 (a) amended	*20967
343.6 (a) amended	*20967
345 Added	35306
351-368 (Subchapter C) Heading removed	*20967
351 Removed	*20967
359 Redesignated as Part 235	*20967
360 Redesignated as Part 240	*20967
360.12 (b)(2) revised	*2481
365 Redesignated as Part 245	*20968
365.3 (b)(4) revised	35306
368 Redesignated as Part 248	*20969

Chapter IV

407 Authority citation revised	31975
407.1 Revised	31975

Chapter VI

601 Added; transferred from Part 300	*17839
605 Authority citation revised	24898
605.1 Revised	24898

1974–1975

(Regulations published from July 1, 1974 through June 30, 1975)

31 CFR

Chapter II

	39 (40†) FR Page
202.4 CFR correction	41174
202.6 (c) and (d) revised	30832

31 CFR—Continued

Chapter II—Continued

	39 (40†) FR Page
203.4 CFR correction	41174
215 Added	†12260
223 Technical correction	†8335
223.1 Amended	†6499
Corrected	†8335
223.2 Amended	†6499
223.3 (a) designated and amended; (b) added	†6499
Corrected	†8335
223.5 Revised	†6499
223.11 (b)(2)(iii) amended; (b) (2) (iv) added	†6499
223.12 (a), (b) and (c) amended	†6499
223.16 Amended	†6499
223.22 Introductory text amended; (a) and (c) revised	†6498
225.8 Amended	32911
235 Revised	†6785
240 Appendix amended	41175
240.12 (c), (f), and (g) revised	41174
(c) corrected	41709
316 Table 12-A added	†754
Table 39-A added	†754
Table 40-A added	†754
Table 86-A added	†754
Table 88-A added	†754
316.14 Amended	†754
341.5 Revised	30114
342.2 (c)(1) revised	26248
342.2a Revised	26248
342 Appendix tables revised	26248
346 Added	†4240

Chapter V

500 Technical correction	†20952
500.201 (d) revised	†17262, 19202
500.204 Revised	†7648, 19202
500.322 (a)(5) revised	†17262
Revised	†19202
500.410-500.414 Added	†7649
500.508 Revised	†7649
500.531 Added	†19202
500.532 Added	†19203
500.536 (a) and (b) revised	†7649
500.538 Revised	†7649
500.541 Revised	†7649, 19203
500.545 Removed	†7650
500.549—500.562 Added	†7650
500.808 Revised	†7651
515.410 —515.414Added	25317
515.501—515.558 (Subpart E) Heading revised	25317
515.543 Added	25317
515.544 Added	25317

NOTE: Asterisk (*) identifies changes published in 1974.

NOTE: Symbol (†) refers to 1975 page numbers.

31 CFR—Continued

Chapter V—Continued	39 (40†) FR Page
Correctly designated	28434
515.545 Added	25318
(b)(6) corrected	29182
515.546—515.551 Added	25318
515.552 Added	25319
(a)(2) corrected	29182
515.553—515.555 Added	25319
515.556 Added	25319
Revised	29183
515.557—515.558 Added	25319

1975–1976

(Regulations published from July 1, 1975 through June 30, 1976)

31 CFR

Chapter II	40 (41Δ) FR Page
210 Added	47492
211 Revised	Δ15847
214.6 (a)(2) and (4) and (b)(2) revised	59595
223.11 (b)(1) and introductory text of (c) revised	Δ10605
223.22 Introductory text amended; (a) and (c) revised	Δ5634
224.1 Amended	51194
224.5 Heading and text revised	51194
224.6 Removed; new 224.6 added (redesignated)	51194
224.7 Redesignated as 224.6 and revised; new 224.7 added (redesignated)	51194
224.8 Redesignated as 224.7 and amended	51195
261 Revised	Δ19302
306 Text of applicable forms amended	47979
315 Text of applicable forms amended	47979
316.8 (a)(3) and (4) revised	59292
316.14 Tables added	59292
332.8 (a)(2) and (3) revised	59300
332.14 Tables added	59300
341 Text of applicable forms amended	47979
345.1 (b) revised	29846
345.2 Revised	29846
345.5 Redesignated as 345.6; new 345.5 added	29846
345.6 Redesignated from 345.5	29846
346 Text of applicable forms amended	47979

NOTE: Symbol (†) refers to 1975 page numbers.

NOTE: Symbol (Δ) refers to 1976 page numbers.

31 CFR—Continued

Chapter II—Continued	40 (41Δ) FR Page
347 Added	29846
Technical correction	30640
348 Added	29847
Chapter V	
500.101 Revised	Δ16553
500.203 (f) revised	Δ16553
500.204 (a)(1) revised	Δ16553
500.306 (b) removed	Δ16554
500.322 (a)(4) and (5) revised	Δ16554
500.328 Revised	Δ16554
500.410—500.412 Revised	Δ16554
500.505 (b) revised	Δ16554
500.531—500.532 Removed	Δ16554
500.533 (a)(1) revised	Δ16554
500.538 (c) and (d) revised	Δ16554
500.539 Removed	Δ16554
500.541 (c)(2), (e) and (f) revised; (d) removed	Δ16554
500.546 (b)(4) revised	Δ16555
500.547 Heading and (b)(2) revised	Δ16555
500.549 Revised	Δ16555
500.550 (a) and (b) revised	Δ16555
500.554—500.555 Revised	Δ16555
500.557 Revised	Δ16555
500.558 Introductory text and (a) and (b) revised	Δ16555
500.559—500.560 Revised	Δ16556
500.562 Revised	Δ16556
500.809 Revised	Δ16556
505.10 (b) and schedule revised	Δ16556
505.31 (a)(1) removed	Δ16557
515.412 Removed	47108
515.541 Removed	47108
515.559 Added	47108

1976–1977

(Regulations published from July 1, 1976 through June 30, 1977)

31 CFR

Chapter II	41 (42*) FR Page
210.7 (e) revised	*10
210.10 Redesignated as 210.11; new 210.10 added	*10
210.11 Redesignated from 210.10	*10
223.3 (a) amended	*8637
223.7 Revised	*8637
223.8 (a) amended	*8637
223.9 Revised	*8637

NOTE: Symbol (*) refers to 1977 page numbers.

31 CFR—Continued

Chapter II—Continued	41 (42*) FR Page
223.11 (b)(2)(i) revised; (b)(2)(ii) and (c)(1) amended	*8637
223.15 Revised	*8637
223.16—223.17 Amended	*8637
223.18 (a) revised	*8638
223.20 Amended	*8638
223.21 Amended	*8638
223.22 (a) and (c) revised; introductory text amended	*8638
240.2 Amended	43903
240.6 (c) removed	43903
309 Revised	44006
315.5 Amended	*25725
316.2 (e) revised	36342
Footnote 2 amended	*25725
316.14 Table 1 revised; tables added	36343
332.2 Footnote 1 removed	*25725
332.14 Tables added	36354
341.8 (b) and (c) and footnote 1 amended	*21611
341.9 (a)(5) and (b) amended	*21611
341.10 (a) amended	*21611
341.11 (b) amended	*21611
341.12 Nomenclature change	*21611
349—350 Added	53335
350.6 (a)(2) revised	56195
350.14 (a) revised	56195
350.17 (f) revised	56195
Chapter V	
500.322 (a)(4) corrected	*27199
500.562 (b) removed	*16620
500.563-500.564 Added	*16620
505.10 Schedule corrected	*27199
515.546 (b) removed	*16621
515.559 (a)(3) revised; (c) added	*1472
(a)(2) removed	*16621
515.560 Added	*16621
Revised	*25499
515.561 Added	*16621
520.205 (g) appendix amended	27963
520.205b (g) appendix amended	27963
530.202 Added	*18074
530.313 Added	*18074
530.503 Revised	*18074
530.518 Removed	*18074
530.519—530.522 Added	*18074
530.520 (b) revised	*23605
(c) removed	*26653
Revised	*31453
Technical correction	*33289

31 CFR—Continued

Chapter V—Continued	41 (42*) FR Page
530.523 Added	*23605
Revised	*31453
Technical correction	*33289
530.808 Revised	*18075
(c)(2) corrected	*27199
Chapter VII	
Chapter established	49808
700 Added	49808

1977-1978

(Regulations published from July 1, 1977 through June 30, 1978)

31 CFR

Chapter II	42 (43†) FR Page
203 Revised; eff. 7-3-78	†18967
Effective date postponed	†26309
205 Revised	62927
214 Revised; eff. 7-6-78	†18970
Effective date postponed	†26309
214.2 Amended	54804
214.6 (b) introductory text, (1) and (3) revised; (b)(4) added	54804
215 Revised	33732
223.2 Amended	†12678
223.3 (a) amended	†12678
223.12 (a) and (b) introductory texts revised; (c) amended	†12678
223.22 Revised	†12678
226 Added; eff. 7-6-78	†18972
Effective date postponed	†26309
316 Tables amended	†8083
317.5 Revised; eff. 7-6-78	†18972
Effective date postponed	†26309
321.5 Revised; eff. 7-6-78	†18972
Effective date postponed	†26309
332 Tables added	†3079
341.10 (b) correctly designated	57123
344 Revised	64846
346.1 (c) amended	37520
346.5 Revised	37520
346.8 (d)(2) footnote 1 redesignated as footnote 3; (b)(2)(ix) and (d)(2) footnote 3 amended	37520
346.9 (a)(5) amended	37520
346.10 (a) and (b) amended	37520
346.12 Amended	37520
346.15 Table revised	37521
Chapter IV	
409 Added	†26719

NOTE: Symbol (*) refers to 1977 page numbers.

NOTE: Symbol (†) refers to 1978 page numbers.

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Chapter V

	42 (43†) FR Page
500.565 Added	†1335
515.562 Added	58518
Correctly designated; authority citation revised	†19852
515.563 Added	†1336
515.564—515.565 Added	†19852

1978–1979

(Regulations published from July 1, 1978 through June 30, 1979)

31 CFR

Chapter II

	43 (44Δ) FR Page
203.3 (a) amended	47506
203.4 Revised	Δ20424
203.9 (c)(3) added	Δ20424
203.11 (a), (b), and (c) amended	47506
203.15 (d)(9) revised; (f) added	47506
203.18 Revised	47506
214.9 Revised	47506
215.8 (b) revised	Δ4670
215.12 (d) revised	Δ4670
223.3 (a) amended	39089
(a) authority citation correctly added	Δ30685
223.11 (b) amended; (b) footnote removed	39089
(b) authority citation correctly added	Δ30685
226.3—226.4 Note added	Δ19406
226.7 Revised	47506
245.3 (a) and (b) revised	59060
(a)(1) correctly designated	Δ6096
306.35—306.38 (Subpart E) Appendix amended	Δ34125
316 Tables added	Δ3365
317.5 (e) revised	47506
321.5 (e) revised	47507
332.8 (a)(2) and (3) revised	Δ3372
332 Tables added	Δ3373

Chapter IV

408 Revised	Δ29667

Chapter V

500.205 Added	Δ11766
500.561 Revised	Δ11767
500.565 Revised	51763
500.611 Added	Δ11767
515.205 Added	Δ11770
515.322 Revised	51762
515.554 Revised	Δ11771

NOTE: Symbol (†) refers to 1978 page numbers.

NOTE: Symbol (Δ) refers to 1979 page numbers.

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Chapter V—Continued

	43 (44Δ) FR Page
515.563 Heading and (a) revised	51763
515.611 Added	Δ11771
520.05 Added	Δ11773
520.611 Added	Δ11774

Chapter VI

605 Revised	43459

1979–1980

(Regulations published from July 1, 1979 through June 30, 1980)

31 CFR

Chapter II

	44 (45*) FR Page
202.1 Amended	53066
202.2 Revised	53066
202.3 (a) and (b)(1)(i) revised	53066
202.4 Revised	53067
202.6 (e) added	53067
202.7 Revised	53067
211.1 (a) revised	51568
240.5 Revised	*1021
240.8 Revised	*1021
(a)(5) revised	*5698
(a)(1) through (5) redesignated as (b) through (f); new (c)(1) revised	*7260
240.9 (a)(1) revised	*1022
240.10 (a) revised	*1022
240.12 (d) revised	*1022
315.91 Interpretation	*41137
316 Notice of interest rate increase	69286
Termination of sales	77158
Revised	*21880
Appendix correctly added	*28712
317 Revised	75058
321.5 (c) designation corrected	69286
332 Notice of interest rate increase	69286
Termination of sales	77158
Revised	*4230
339 Termination of sales	77158
342 Notice of interest rate increase	69286
342.2a Revised	*21988
342.7 Text amended; footnote 4 redesignated as 6 and revised	*21988
Designation corrected	*32301
342 Tables 1 through 8 revised; tables 9 through 14 added	*21989

NOTE: Symbol (*) refers to 1980 page numbers.

31 CFR—Continued

Chapter II—Continued	44 (45*) FR Page
350.8 Revised	*3261
350.14 (a) revised	*3261
350.16 (a) revised	*3261
351—352 Added	72826
353 Added	76441
353.91 Interpretation	*41137
Chapter V	
500 Extension of certain authorities (*see* Presidential determination 9-12-79)	53153
500.201 (d) revised	*7224
500.204 (a)(1) amended	*7224
500.206 Added	*7224
500.328 Amended	*7224
500.538 Removed	*7224
500.541 Removed	*7224
500.546—500.547 Removed	*7224
500.555 Removed	*7225
500.557 (a) introductory text amended; (a)(3) redesignated as (a)(2)	*7225
500.558—500.559 Amended	*7225
500.610 Removed	*7225
505 Extension of certain authorities (*see* Presidential determination 9-12-79)	53153
515 Extension of certain authorities (*see* Presidential determination 9-12-79)	53153
515.322 Authority citation correctly added	38843
515.415 Added	*32671
515.563 Authority citation correctly added	38843
520 Extension of certain authorities (*see* Presidential determination 9-12-79)	53153
530.101 (Subpart A) Removed	74841
530.201—530.202 (Subpart B) Removed	74841
530.301—530.313 (Subpart C) Removed	74841
530.401 Removed	74841
530.403—530.410 Removed	74841
530.501—530.523 (Subpart E) Removed	74841
530.801—530.809 (Subpart H) Removed	74841
535 Added	65956
535.201 Revised	24432
535.203 (f) added	*24432
535.204 Added	*26940
535.206 Added	*24432
(a)(4) added	*26940

NOTE: Symbol (*) refers to 1980 page numbers.

31 CFR—Continued

Chapter V—Continued	44 (45*) FR Page
535.207 Added	*24433
535.208 Added	*24433
(c) added	*26940
535.209 Added	*26940
(a)(1) and (b) corrected	37688
535.308 Added	24433
535.310 Added	75352
535.312 Added	75352
535.316—535.318 Added	66832
535.320 Added	66590
Revised	66832
535.321 Added	66833
535.331 Added	*24433
535.401—535.403 Added	*24433
535.413 (Subpart D) Added	66833
535.414—535.415 Added	67617
535.416 Added	69287
(d) and (e) revised	75353
535.417 Added	69287
Removed	75352
535.418 Added	75353
535.419 Added	76784
(e) added	*24433
535.420 Added	76784
535.421—535.425 Added	*24433
535.426—535.427 Added	*29287
535.432 Added	*37679
535.502 Added	66833
Heading revised; (c) added	75353
535.503 Added	66833
535.504 Added	67617
(d) added	69650
535.508 Added	66590
535.528 Added	*29288
535.531 Revised	75352
535.533 Added	66590
Removed	*24434
535.550 Added	*29288
535.562 Added	*26940
(c) added	*29288
535.563 Added	*26941
(d) and (e) added	*29288
535.566 Added	66833
535.567 Added	69287
Revised	75354
535.568 Added	69287
Revised	75354
(h) revised; (i) added	*1877
535.569 Added	*1877
535.572 Added	*24434
535.574 Added	*24434
535.575—535.578 Added	*29288
535.601—535.602 (Subpart F) Added	75354
535.603 Added	*29289

31 CFR—Continued

44 (45*) FR Page

Chapter V—Continued

535.615—535.616 Added.............. *24408
535.801—535.805 (Subpart H) Added.............. 66833
535.806 Added.............. 75353
535.902 Added.............. 65908
535.903 Added.............. 66591
Removed.............. *24434
535.904 Added.............. 66591

1980–1981

(Regulations published from July 1, 1980 through June 30, 1981)

31 CFR

45 (46†) FR Page

Chapter II

202 Authority citation.............. †28152
202.1 Revised.............. †28152
202.2 (a)(4) revised.............. †28152
202.6 (c) revised.............. †28152
203.3 (b)(1)(i)(A) revised.............. †28153
211.1 (a) and (c) revised.............. 47678
211.3 Revised.............. 47678
240.5 Existing text designated as (a); (b) added.............. †22184
315 Revised.............. 64091
321 Revised.............. 44591
322 Removed.............. 44591
330 Revised.............. 44600
341 Appendix amended.............. 53393
341.1 (a)(4) revised; (a)(5) added.............. 53393
346.1 (a) revised.............. 53397
346 Appendix amended.............. 53397
Appendix corrected.............. 53178

Chapter V

515.542 Revised.............. 58843
535.204 Removed.............. †14337
535.206—535.207 Removed.............. †14337
535.209 Removed.............. †14337
535.210—535.212 Added.............. †14333
535.213 Added.............. †14334
Revised.............. †26477
(b) revised; (d) added.............. †30341
(e) added.............. †31630
535.214 Added.............. †14334
Revised.............. †26477
(b) revised; (d) added.............. †30341
(e) added.............. †31630
535.215 Added.............. †14334
Existing text designated as (a); (b) added.............. †26477

31 CFR—Continued

45 (46†) FR Page

Chapter V—Continued

(c) added.............. †31630
535.216 Added.............. †14334
535.217 Added.............. †14330
Revised.............. †24678
535.218 Added.............. †14334
Heading and (e) revised; (f) and (g) added.............. †26477
535.219—535.220 Added.............. †14334
535.221 Added.............. †14335
Revised.............. †30341
535.222 Added.............. †14335
535.331 Removed.............. †14337
535.333—535.335 Added.............. †14335
535.337 Added.............. †14336
Revised.............. †30341
535.418—535.419 Removed.............. †14337
535.422 Removed.............. †14337
535.423 (a) corrected.............. 45594
Removed.............. †14337
535.424—535.431 Removed.............. †14337
535.432 Authority citation corrected.............. 45594
Removed.............. †14337
535.433 Added.............. †14336
535.437 Added.............. †14336
535.438 Added.............. †14336
Existing text designated as (a); (b) added.............. †30341
535.440 Added.............. †14336
Revised.............. †30341
535.504 Revised.............. †14336
(c) redesignated as (d); new (c) and (e) added.............. †26477
535.550 Removed.............. †14337
535.562—535.563 Removed.............. †14337
535.572 Removed.............. †14337
535.574—535.575 Removed.............. †14337
535.577—535.578 Removed.............. †14337
535.579 Added.............. †14336
535.580 Added.............. †14330
535.603 Removed.............. †14337
535.618 Added.............. †14336
535.619 Revised.............. †26478
535.620 Added.............. †30342
Revised.............. †31630
535.902 Revised.............. †14337

NOTE: Symbol (*) refers to 1980 page numbers.
NOTE: Symbol (†) refers to 1981 page numbers.

1981–1982

(Regulations published from July 1, 1981 through June 30, 1982)

31 CFR

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